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Under Construction: Race and Housing Markets in 21st-Century Urban America

by

Elizabeth Korver-Glenn

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APPROVED, THESIS COMMITTEE

Dr. James R. Elliott, Chair
Professor of Sociology

Dr. Michael O. Emerson
Provost and Professor of Sociology and Urban Studies (North Park University), Fellow (Kinder Institute for Urban Research)

Dr. Jenifer Bratter
Associate Professor of Sociology, Graduate Program Director

Dr. Alexander X. Byrd
Professor of History

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ABSTRACT

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Racial segregation continues to haunt U.S. cities. But, a full picture of *why and how* racial segregation persists at such high levels in contemporary urban America is less clear—in part because little is known about the contemporary, everyday operation of the housing market. To enrich understanding of the processes associated with the reproduction of segregation and other housing-related forms of racial inequality, I first conceptualize the housing market as an institution, or the intersection of several overlapping sets of stakeholders, the industries in which they work, and the federal forms and rules that affect their work. Then, I rely on a wide-and-deep methodological approach to collect data, conducting *one year of ethnographic research* and interviewing *102 housing market professionals and consumers* across multiple housing market industries. I also conducted *spatial analyses* to triangulate across participant observation and respondent narratives. The findings that emerged from this dissertation data collection are organized in three chapters. In each chapter, I describe different aspects of how the contemporary Houston housing market operates and how operations reproduce racial meaning and various forms of racial inequality. Overall, my dissertation demonstrates that the cumulative effects of apparently ‘non-racial’ housing market operations, such as (racially-distinct) social networks, the lax regulatory context of

housing development, and the loose arrangement of housing market industries, intersect with several institutional practices to reproduce racial meaning and inequality in everyday housing transactions. I conclude by highlighting the theoretical, methodological, and policy contributions of my work and by offering suggestions for future areas of research.

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There are many people who helped make this research possible by challenging me to think deeply about my research questions, research design, data collection, analysis, and the presentation of results. Additionally, these and many others aided the research process by providing other forms of tangible or intangible support or by participating in the study. Jim Elliott's support of my project—in the form of challenging questions, thoughtful engagement, and thorough feedback at all stages of the research process—has been invaluable. Perhaps most importantly, Jim's belief in the importance of this project helped convince me of the same on days when it seemed like it would never come to fruition. Thanks, Jim. Michael Emerson is the reason I came to this project (and sociology) in the first place. Michael's critical race-and-urban scholarship and teaching brought the dynamics of engaged, justice-oriented research to life for me. Thank you, Michael, for supporting my work from the beginning and making me feel like I can be a part of building a better world. Thanks also to committee member Jenifer Bratter, who has asked many thoughtful questions and provided helpful feedback about my work over the past several years. I also thank committee member Dr. Alex Byrd for pushing me to think ever more deeply about what race is and how it is made. You probably did not know it, but you were the consistent in-the-field reminder to me to look for and understand the (historical) context in which meaning and practices associated with inequality are formed.

In addition to my committee, several other faculty have provided formal and informal training and advising during my time at Rice, and staff members have given encouragement and administrative support. The excellent mentoring I received supported me in the execution of two stand-alone ethnographic and interview-based projects during grad school by influencing my strategies for data collection, organization, and analysis. Additionally, I have learned a great deal about how to connect my work to academic and non-academic audiences, and I have observed successful strategies for influencing policy through research. I especially want to thank faculty members Ruth López Turley, Elaine Howard Ecklund, and Sergio Chávez for these formal and informal lessons. Staff support has been generously supplied by Shirley Tapscott and Terri Arellano, who each have offered encouragement on a regular basis in addition to the work they have done to manage the everyday operation of the sociology department. Thanks to you both.

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In addition to these institutional supports, my work would not have been possible without the participation of the real estate agents, developers, lenders, escrow officers, appraisers, landlords, home buyers, home sellers, and renters that feature in the pages to come. (These people are not named here, or in the main body of the dissertation, to protect their confidentiality.) Indeed, one of my greatest fears at the beginning of the project was that no one would talk to me or allow me to come along and watch them go about work on a regular basis. Thankfully, that fear evaporated rapidly as I encountered person after person who expressed willingness to participate and curiosity about my (eventual) findings and the implications of my work. To the 13 people that allowed me to persistently knock on their proverbial doors and ask to observe them over the course of the year: thank you. Your openness to my project and patience with my many questions give depth to and animate patterns I was simultaneously discovering in in-depth interviews. To the 102 people who agreed to participate in a difficult interview (more than one of you remarked that my questions were hard!): thank you. Thank you for sharing your experiences and perspectives with me. Collectively, you have aided my understanding of how the housing market works, and why it works the way it does.

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Introduction

Racial segregation continues to haunt U.S. cities. The uneven, and hierarchical, distribution of people in urban American space persists in generating and sustaining cycles of poverty (Desmond 2016), educational inequality (Lareau and Goyette 2014; Orfield 1996), environmental inequality (Crowder and South 2010), wealth inequality (Newman and Holupka 2016; Oliver and Shapiro 2006), and a host of other unequal outcomes. But even as racial segregation continues to create disadvantage for minorities and advantage for Whites, a full picture of *why and how* racial segregation persists at such high levels in contemporary urban America is less clear (Bader and Krysan 2015).

Historically, prior to the passage of fair housing legislation, racial segregation was generated and maintained by a variety of White housing market professionals and consumers working together underneath the umbrella of explicit, racially-discriminatory federal policies and across industry contexts. These industries, including real estate brokerage and mortgage lending, sustained and enabled individual behaviors and structural policies that, together, resulted in widespread residential racial exclusion (Gotham 2002; Jackson 1985; Massey and Denton 1993). In contemporary, post-fair housing America, scholars theorize that segregation and related inequalities persist because discriminatory treatment of minorities in individual housing market industries (e.g. mortgage lending) continues (Galster 1992; Pager and Shepherd 2008; Ross and Turner 2005), as do individuals' racial residential preferences and aggregate economic differences across groups (Krysan et al. 2014).

To date, however, research on the housing market in the post-fair housing era has not thoroughly examined the ordinary operation of the housing market across its multiple industries. Thus, little is known about contemporary links between individual housing market stakeholders, their industries, and the federal structures that guide them as well as how these links may produce inequality in ways that supersede individual biases or behaviors, just as they did prior to the fair housing era (Gotham 2002; Jackson 1985; Massey and Denton 1993; Stuart 2003). Relatedly, how the contemporary, everyday operation of the housing market may support the conditions under which racial meaning and stereotypes, racial discrimination, and racial residential preferences persist and, ultimately, reproduce racial residential segregation remains an under-explored question.

To address these empirical gaps, I first incorporate two main interventions—one theoretical, and one methodological—into the design and execution of my dissertation. These two interventions prioritize supra-individual and inter-industry relations without losing the depth of individual or within-industry interactions that prior research on the contemporary housing market has emphasized (Apgar and Calder 2005; Cloud and Galster 1993; Galster and Godfrey 2005; Krysan et al. 2014; Ondrich et al. 2003; Squires and Chadwick 2006; Yinger 1999; Zhao et al. 2006). Theoretically, I conceptualize the housing market as an institution, or the intersection of several overlapping sets of stakeholders (e.g. real estate agents, developers, lenders, appraisers), the industries in which they work (e.g. real estate brokerage, housing development, mortgage lending, and appraisal), and the federal forms and rules that constrain or enable them to think and act as they do.[1]

Flowing from this theoretical intervention, I rely on a methodological approach that fosters a wide-and-deep view of individuals, industries, and the structures in which they are embedded. I cast a 'deep' net via ethnographic fieldwork, focusing on two groups of stakeholders and industries that past literature has found crucial in the production of segregated city space (real estate brokerage and housing development). This fieldwork involved conducting *one year of ethnographic research* undertaken with 13 real estate agents and developers and being a participant observer at more than 50 open houses, civic association meetings, and other housing market-related events. Then, I cast a 'wide' net via in-depth interviews, seeking out respondents across multiple housing market industries and paying attention to the ways in which these individuals and their constituent industries were related in the everyday processes of conducting housing exchange. I interviewed *102 housing market professionals and consumers* (real estate agents, developers, lenders, appraisers, escrow officers, landlords, home buyers, home

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[1] This theoretical move is not new; indeed, several sociohistorical analyses of the housing market in the pre-fair housing era have used similar definitions (e.g. Garb 2006; Gotham 2002; Jackson 1985). My intent is to apply this established paradigm to the contemporary housing market, thus extending contemporary work beyond the single individual or industry level of analysis.

sellers, and renters). In-depth interviews across several key housing market industries allowed me to probe stakeholders' accounts of transactions and (cross-industry) relationships, as well as provided me opportunities to gather ethnographic data, such as brochures and forms used by various groups of stakeholders. Ethnographic field work and in-depth interviews prompted me to pursue other forms of data collection to triangulate across observations and narratives; for example, I used geographic information software to visualize and analyze *spatial race-and-class patterns* of a real estate board-derived market area map.

To conduct a careful, thorough analysis of all data, I immersed myself in all field notes and other field data (e.g. photos, brochures), interview transcriptions, and spatial data, utilizing an abductive approach to hold my data up to claims made in prior research and look for ways in which my data was surprising relative to extant work (Timmermans and Tavory 2012). In particular, I paid attention, first, to *processes* and *patterns of relations* across housing market industries and, second, to how these processes and patterns came together to (re)produce *racial meaning*, *racial preferences*, *racial discrimination*, and *racial segregation*.

In what follows, I organize the findings that emerged during data collection and analysis in three chapters. In each chapter, I describe different aspects of how the contemporary Houston housing market operates and how operations reproduce racial meaning and various forms of racial inequality. In chapter one, I argue that the contemporary urban housing market operates via racially-distinct social networks—with Whites having predominantly White networks and Blacks and Latinos having racially-diverse networks—and that these distinct networks are supported by institutional characteristics like percent-based pay structure and tie control. I then trace how racially-distinct social networks come together with these institutional supports to generate disparate-impact racial discrimination through normalized practices such as non-public home-sale listings that are exchanged informally via real estate agent networks.

In chapter two, I address how the institutional context of the housing market helps reproduce racial segregation by supporting the conditions under which individual instances of racial discrimination and racial residential preferences can co-occur via several widely-shared practices. My goal in this chapter is to extend place stratification theory—which posits that socially-defined racial hierarchies are inscribed in space (Logan 1978; Rugh 2015; Stearns and Logan 1986)—by showing how apparently 'non-racial' characteristics of the housing market enable racial inscription processes. Using a critical race framework, I argue that institutional characteristics that exist above individual prejudices and discriminatory behaviors—such as the social network business model and the regulatory context of housing development—generate opportunities for prejudice and discrimination to emerge in the everyday practices of housing exchange.

In chapter three, I trace the flow of housing exchange across multiple industries (real estate brokerage, mortgage lending, and appraisal) and examine how racial meaning is used and reproduced cumulatively across the flow of individual interactions and federal forms and guidelines necessary to buy, sell, and rent homes. In this chapter, I clarify how the housing market, as a loosely-arranged institution, differs from other 'contained' institutions (e.g. schools and prisons). This 'loose' arrangement is nonetheless organized by a predictable flow of interactions across multiple market domains that are governed by commonly-shared race meaning structures. I also demonstrate the specific mechanisms that link racial meaning to inequality in the housing market. These mechanisms, widely-shared practices such as adherence to a percent-based pay structure, are carry-overs from the pre-fair housing era that encourage the application of subjective racial opinions to the housing exchange process.

Finally, I conclude my dissertation by summarizing the theoretical, methodological, empirical, and policy contributions that flow from each of my chapters. With an eye to the race, housing, and segregation literatures, I also suggest directions for future research.

Chapter 1

Racial Discrimination in the Everyday Operation of Urban Housing Markets

Since the passage of the Fair Housing Act of 1968 and other housing-related legislation such as the Equal Credit Opportunity Act of 1974, numerous studies have uncovered ongoing discrimination against racial minorities in distinct housing market industries, such as real estate brokerage and mortgage lending. Often conceptualizing discrimination as less preferential treatment of racial minorities relative to Whites by housing market stakeholders, these studies point to inconsistent enforcement of fair housing legislation and still-widespread racially-prejudiced residential preferences as major reasons why discrimination and related inequality persist (Galster 1992; Massey and Denton 1993; Massey 2015; Schwemm 2007; Squires and Chadwick 2006; Turner et al. 2013).

In this chapter, I offer a different perspective. Consistent enforcement of fair housing legislation and an absence of racial prejudice would surely help to ameliorate levels of unequal treatment based on race in the process of housing exchange. But I investigate and find how even perfect conformity to fair housing legislation and an absence of prejudice does not solve racial discrimination in terms of the *disparate impact* that the *everyday operation* of the US housing market has on minority groups, compared with Whites (Pager and Shepherd 2008). In other words, to the extent that the contemporary housing market is racially-stratified in its everyday arrangement and operation, it will reproduce inequality even if the rules that govern it are (apparently) non-racial and consistently applied (Bonilla-Silva 2006; Pager and Shepherd 2008; Reskin 2012; Williams et al. 2005). No racial animus is required.

To develop this investigation, the chapter proceeds as follows. First, I review the history of fair housing legislation and outline the related but distinct concepts of disparate-treatment and disparate-impact discrimination. Here, I note that to obtain a fuller picture of the extent and persistence of racial inequality in the contemporary housing market, it is imperative to understand the overall functioning of the market (in addition to highlighting how individual housing market industries operate) and to probe how contemporary market arrangements may produce disparate-impact discrimination (in addition to disparate-treatment discrimination). Next, I draw upon a year of ethnographic research and more than 100 in-depth interviews with housing market stakeholders in Houston, Texas. Through this research, I examine the everyday operation of the housing market and outline the racially-stratified processes that constitute it. These processes begin with how residential real estate business is generated and continue to the institutional 'rules,' or supports, that help maintain a racially-stratified market. I then show how the arrangement of the housing market produces disparate-impact discrimination. After discussing my findings, I suggest future directions for research and concrete policy recommendations that seek to mitigate the discriminatory impact of a racially-organized housing market.

1.1. A History of Fair Housing Legislation in the U.S.

In the first half of the 20th Century, housing market stakeholders, in conjunction with federal policy, helped create Black urban ghettos. These actions heightened levels of racial residential segregation, generated a cycle of poverty and disinvestment that continues to wreak havoc on Black neighborhoods, and widened wealth gaps between Blacks and Whites that persist into the 21st century (Gotham 2002; Massey and Denton 1993; Massey 2015). Racialized real estate patterns set in place throughout the first half of the 20th century also influenced the creation and reproduction of segregated Latino enclaves, concentrated Latino poverty, and a White-Latino wealth gap (Diaz 2012; Quillian 2012).

In part as a response to these bleak conditions, the civil rights movement swept across the U.S. during the late 1950s and early 1960s. In 1964, Congress passed the Civil Rights Act, which prohibited discrimination based on race and color, as well as religion, sex, or national origin in 'public accommodations' (i.e. places for use by the general public). However, the Civil Rights Act did not prohibit discrimination on the basis of race in housing, and Congress did not seem likely to pass such legislation (Massey 2015). Civil unrest in Black communities persisted after the passage of the Civil Rights Act, and fair housing legislation—with compromises along the way—began to gain traction early in 1968. The Kerner Commission's report on urban riots, which warned that the nation was "moving toward two societies, one black, one white—separate and unequal" (U.S. National Advisory Commission on Civil Disorders 1988), strengthened support for fair housing legislation. Then, shortly after the report was released, Martin Luther King, Jr. was assassinated and the bill, weakened from its original iteration, had enough votes to pass. President Lyndon B. Johnson signed the Fair Housing Act of 1968 (FHA, hereafter) on April 11, 1968 (Massey and Denton 1993; Massey 2015). Related legislation such as the Equal Credit Opportunity Act of 1974 followed the FHA, which was amended to strengthen its enforcement provisions in 1988 (Schwemm 2007).

In its current iteration, the amended FHA extends the prohibition of discrimination on the basis of race, color, sex, national origin, or religion in the Civil Rights Act to the sale, rental, and financing of dwellings.[1] Additionally, the prohibition of discrimination also covers disability and familial status and provides further mechanisms for the US Department of Housing and Urban Development (HUD, hereafter) to prosecute instances of housing discrimination on behalf of victims (US HUD).

[1] Discrimination on the basis of race, color, sex, religion, or national origin is not prohibited in home sales and rentals "so long as the owner receives no assistance from a housing agent, and the rental of units in a building containing no more than four units, one of which is inhabited by the owner" (Yinger 1999:94).

1.2. Defining and Examining Discrimination in Housing

In addition to HUD's mandate to enforce fair housing legislation, US courts began to interpret fair housing law and to establish precedents for what was considered legal and illegal in housing exchange processes through its judgments on housing- and race-related civil rights lawsuits (Yinger 1999). Broadly speaking, US courts have interpreted the FHA's prohibition of discrimination in two ways: 1) *disparate, or differential, treatment* of racial minorities by housing market stakeholders and 2) housing practices that have a *disparate impact* on racial minorities (Ross and Yinger 2002; U.S. Supreme Court 2015; Yinger 1999). Disparate-treatment discrimination has been defined as the "intentional mistreatment of customers in a protected class" (Yinger 1999:94); that is, when "individuals are treated unequally because of their race" (Pager and Shepherd 2008:182). Disparate-impact discrimination, on the other hand, includes business practices which have an "unfavorable impact on a protected class and cannot be justified on the basis of 'business necessity'" (Yinger 1999:94). In the case of disparate-impact discrimination, individuals of different races can be "treated equally according to a given set of rules and procedures but…the latter are constructed in ways that favor members of one group over another" (Pager and Shepherd 2008:182). Disparate-impact discrimination lawsuits have often involved cases of disproportionately concentrating low-income housing in urban minority areas (e.g. *Hills vs. Gautreaux* (Massey 2015) and *Texas Department of Housing and Community Affairs v. The Inclusive Communities Project, Inc.* (U.S. Supreme Court 2015)).

As definitions of housing discrimination have been clarified, challenged, and affirmed in US courts over time, researchers have continued to study housing discrimination in the post-fair housing era. In general, research in this vein has focused on isolating how disparate-treatment discrimination works within individual housing market industries (Galster 1992; Pager and Shepherd 2008; Ross and Turner 2005). Work on mortgage lending (Rugh 2015), homeowners insurance (Squires and Chadwick 2006), landlords and renting (Desmond 2012), and real estate brokerage (Yinger 1999) has emphasized how mistreatment of minorities relative to Whites occurs through interpersonal interactions. For example, Blacks and Latinos are treated unfairly by real estate agents in rental and sales processes (Ross and Turner 2005), real estate agents engage in racial steering (Galster and Godfrey 2005), homeowners' insurance providers use linguistic profiling that disproportionately affects potential Black clients (Squires and Chadwick 2006), and loan officers engage in predatory lending practices with minority clients (Rugh 2015).

There are two limitations to contemporary research on housing discrimination that I seek to address. First, because most work has isolated individual housing market industries, we know little about the formal and informal rules and procedures that govern the contemporary housing market as a whole—that is, its everyday operation *across* unique industries. In contrast to sociohistorical examinations of the pre-fair housing market, which emphasized how individual housing market industries linked together to generate forms of housing discrimination that surpassed each industry's unique ability to exclude minorities (Gotham 2002; Jackson 1985; Massey and Denton 1993), we know little about these links in the post-fair housing market. Since the race discrimination system is comprised of interlocking sub-systems, each characterized in part by (hidden) discrimination (Reskin 2012), it is important to emphasize a wide-and-deep empirical focus by looking at discrimination across *and* within contemporary housing market sub-systems, or industries (e.g. real estate brokerage, mortgage lending, housing development). Doing so will provide a fuller picture of the extent and depth of housing discrimination, including discrimination that is embedded in supposedly 'non-racial' norms and practices. Stuart's (2003) work on the links between contemporary mortgage lending and appraisal industries illustrates the fruitfulness of this approach. He found that the sale of a home—ostensibly the agreement to exchange between home buyer and home seller—is embedded within the interplay of appraisal and mortgage lending industries' mutually reinforcing constructions of risk. Stuart (2003:186) explains,

> The appraiser has to be able to find comparable sales that justify the sales price. To do that he must delineate the neighborhood in which the house is located, or identify an acceptable competing neighborhood. This delineation process is informed by the existing boundaries of neighborhoods which real estate brokers use to sell homes and which have themselves received support from previous appraisal and lending decisions. To the extent that these boundaries separate people of different races, ethnicities, or incomes, they structure a lender's network of loan officers in an attempt to engender trust between a loan applicant and the loan officer.

In other words, evaluating predatory or discriminatory practices in mortgage lending alone does not fully capture the extent to which discrimination is embedded in the lending process because it misses extant and related practices in other industries that influence mortgage lending exclusion or discrimination prior to the 'final' lending package or event (e.g. rejection of loan application).

Second, while research in organizations like tech firms has shown that apparently 'non-racial' organizational policies and practices can differentially and negatively affect minorities relative to Whites independent of individualized mistreatment (Pager and Shepherd 2008; Petersen et al. 2000), we know less about how disparate-impact discrimination may be produced in the everyday operation of the housing market. For example, work on organizational hiring practices that occur primarily through employee referrals shows that "irrespective of an employer's personal racial attitudes…[referral-driven hiring reproduces] the existing racial composition of an organization" (Pager and Shepherd 2008:196) and excludes under-represented racial groups. Similar processes may be at work in the housing market: while limited, recent research on disparate-impact discrimination in the mortgage industry has shown that Blacks and Latinos were disproportionately negatively affected by the recent US housing crisis because they had been targeted by predatory and subprime lending practices that, on the surface, were 'non-racial' (Rugh 2015; Williams et al. 2005). They were thus much more likely to experience foreclosure and consequent loss of wealth and credit (see also Ross and Squires 2011). And, research on the rental market demonstrates how landlord discretion in eviction decisions together with the inaccessibility of legal recourse disproportionately impact minorities and the poor, generating and exacerbating cycles of poverty and deprivation (Desmond 2012, 2016; Greenberg et al. 2016). These studies indicate that a broad-and-deep view of the ordinary operation of the housing market across actors and industries will enrich our understanding of how disparate-impact discrimination is produced in post-fair housing America.

Using urban Houston as a case study, I address each of these gaps in turn, asking: *How does the contemporary urban housing market actually operate on a daily basis?*

And what can this operation tell us about the mechanisms that produce disparate-impact discrimination against racial minorities?

1.3. Methods

1.3.1. Houston's Urban Housing Market

Houston, Texas—now the fourth-largest city and most ethnically-diverse metro area in the U.S. (Emerson et al. 2012)—has offered minimal overall regulation of the local housing market throughout its history and allowed a great deal of local autonomy in housing development (Feagin 1988; Logan and Molotch 1987). Historically, as in other cities, Houston's racial minorities and minority neighborhoods were victims of racially-discriminatory treatment in the form of racially-restrictive neighborhood covenants and low-quality municipal services (Feagin 1988; Logan and Molotch 1987).

More recently, Houston's housing market remained relatively stable during the recent nationwide housing crisis (Federal Reserve Bank of Dallas 2008) and has since experienced a period of phenomenal growth (Federal Reserve Bank of Dallas 2016). At the same time, between 2005-2014, the average number of racial discrimination (disparate-treatment) complaints filed with HUD in Houston—about 39 per year—remained relatively stable and constituted the largest type of fair-housing discrimination complaint over that period (Rackleff 2015). While these complaints suggest the persistence of individual mistreatment on the basis of race, they do not elucidate the everyday operation of the Houston housing market or how operations may differentially affect minorities relative to Whites. Thus, it is possible that the ordinary, apparently 'non-racial' operation of the Houston housing market may contradict the spirit of fair housing legislation intended to protect against disparate-impact outcomes. Because Houston's housing market is among the most active in the U.S. and its population the most diverse, it provides an excellent lens through which to examine the relationship between everyday housing market functioning, race, and disparate-impact discrimination.

Using a purposive sampling strategy to ensure broad empirical coverage across types of housing transactions and access to a racially-diverse pool of research participants, I selected three Houston neighborhoods with one dominant racial group (Black, Latino, and White) as a launching point for collecting data to ensure a racially diverse sample and diverse housing market activities. The three neighborhoods—Fifth Ward, Heights, and Northside—share some characteristics and are also distinct (see Figure 1.3.1.1 for a map of the study area; see Table 1.3.1.1 for neighborhood and city demographics). For example, each neighborhood is roughly equidistant to Houston's downtown and has equal access to major freeways—a crucial characteristic in light of Houston's car-oriented transportation system (Feagin 1988). Fifth Ward, Heights, and Northside are among Houston's oldest neighborhoods, and each area experienced significant disinvestment in the latter half of the 20^{th} century. On the other hand, the three neighborhoods have diverged in terms of socioeconomic status over the past 20 years. Yet, as my fieldwork and interviews will demonstrate, real estate stakeholders did not conceptualize their work in terms of these neighborhoods and their differences alone. Indeed, in every case, my informants and respondents were active across multiple Houston neighborhoods.

	Fifth Ward	Heights	Northside	Houston
Total Population (n)	23,504	33,783	24,766	2,136,166
Hispanic/Latino (%)	39.38	34.19	81.24	43.9
Black alone (%)	57.59	2.13	10.64	22.8
Non-Hispanic White (%)	3.54	58.77	7.34	25.5
Housing units owner-occupied (%)	37.15	58.3	42.98	44.54
Over-25 adults with GED/high school diploma or above (%)	62.49	86.3	56.48	75.87
Over-25 adults with bachelor's degree or higher (%)	9.71	54.81	8.72	29.8

†Note: Population estimates are from the American Community Survey 2014 5-year estimates.

Table 1.3.1.1 – Neighborhood and City Demographic Characteristics.

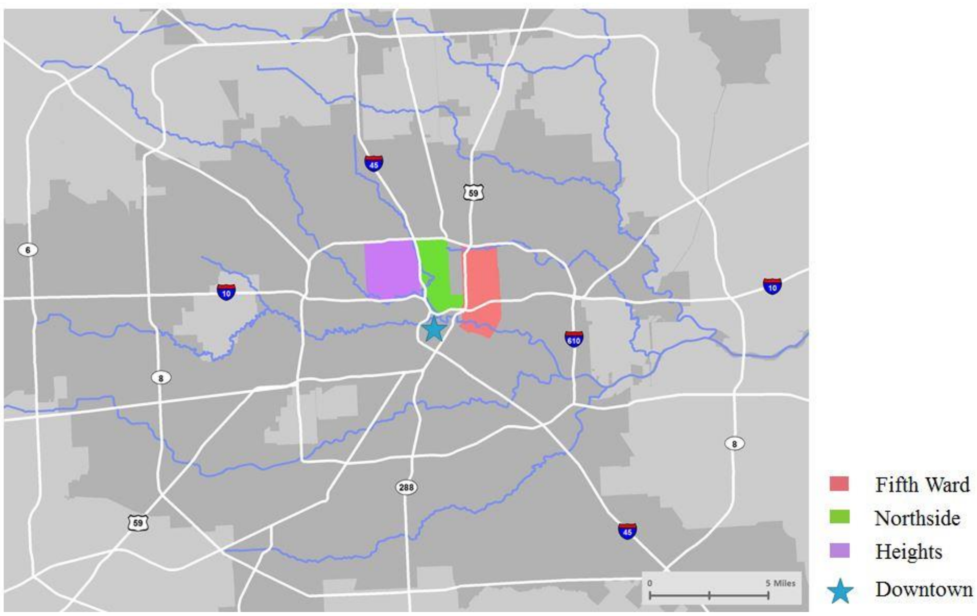


Figure 1.3.1.1 - Map of Houston Highlighting Study Area.

1.3.2. Data Collection and Analysis

To examine the formal and informal operation of the housing market—its (unwritten) rules, procedures, and processes—I employed a mixed methods approach to data collection that involved one year of repeated ethnographic 'go-alongs' (Kusenbach

2003) with 13 individual housing market stakeholders, participant observation of local open houses and neighborhood civic associations, and in-depth interviews with 102 real estate stakeholders. All data were collected between February 2015-February 2016.

First, I completed 118 ethnographic go-alongs with a total of 13 real estate agents and developers. Go-alongs, which combine the strengths of participant observation and directed questions to research participants (Kusenbach 2003), involved shadowing these real estate agents and developers as they conducted business and interacted with dozens of buyers, sellers, lenders, suppliers, investors, inspectors, and landlords throughout the year. I recruited real estate agent informants by compiling a list of agents with multiple listings in each neighborhood in January 2015 and inviting them to participate—often face-to-face at open houses. Go-alongs with real estate agents included: listing appointments, open houses, meetings with builders/developers, staging appointments, prospecting for land, client appreciation events, consulting former and current clients, and closings. I recruited developers through attending open houses, observing developments in each neighborhood, and drawing on real estate agents' connections. It was important for me to observe developers because developers help drive the geographic direction of real estate growth and change (Logan and Molotch 1987). I accompanied two or three small- to mid-size developers in each of the three neighborhoods. Go-alongs with developers included: prospecting for land, meeting with investors and construction lenders, navigating city permitting and the City of Houston Planning and Development Department, examining current construction sites, meeting with contractors, and meeting with architects. Table 1.3.2.1 provides an overview of informant occupation and race.

	Occupation	Race
Fifth Ward		
Melissa	Real estate agent	Black
Chase	Real estate agent	White
Sharon	Developer	Black
Pablo	Developer	Latino
Ramon†	Developer-Real estate agent	Latino
Heights		
Jane	Real estate agent	White
Michael	Real estate agent	White
Tom	Developer	White
Luis	Developer-Real estate agent	Latino
Jim†	Developer-Real estate agent	Latino
Northside		
Kevin	Real estate agent	Black
Cora	Real estate agent	Latina
Jay	Real estate agent	White
Jim†	Developer-Real estate agent	Latino
Ramon†	Developer-Real estate agent	Latino

†Note: Indicates substantial activity in two of the three research neighborhood sites. All informants were active in multiple Houston-area neighborhoods.

Table 1.3.2.1 - Informant Pseudonym, Occupation, and Race.

Second, I was a participant observer at more than 50 open houses and neighborhood civic association meetings. I took extensive, detailed field notes through all participant observation and go-alongs. As go-alongs and participant observation progressed, I wrote memos on emergent patterns, such as the relationships between real estate agents and other housing market stakeholders. I used these memos to inform my observations of informants and questions to ask during go-alongs (Kusenbach 2003).

These memos also informed the final form of data I collected: in-depth interviews. I completed 102 in-depth interviews with real estate stakeholders, including real estate agents, developers, lenders, escrow officers, home sellers, home buyers, landlords, renters, and neighborhood association affiliates (see Table 1.3.2.2 for respondent demographic characteristics). Real estate agents, developers, home sellers, home buyers, landlords, renters, and neighborhood association affiliates were recruited through participant observation at open houses and civic club meetings and through purposive sampling. I learned that real estate agents often keep short lists of lenders and escrow officers that they recommend to their clients, and that clients frequently used these recommendations. Thus, to recruit lenders and escrow officers, I asked real estate agents to list the lenders and escrow officers they recommended most frequently to their clients, then, to recruit appraisers, asked lenders to list the appraisal management companies they rely on for residential appraisals. I continued pursuing interviews until saturation had been reached for each group of stakeholders (Small 2009). All research participants signed and received a copy of the IRB-approved human subjects consent form and were offered a gift card incentive; no informants and half of the respondents accepted the incentive. Throughout the chapter, all names and some identifying details have been changed to protect participant confidentiality.

Sex	
Female	48
Male	54
Race	
Asian	5
Black	16
Latino	24
Multiracial	2
White	55
Average Age	47
Real Estate Role	
Real Estate Agent	37
Developer-Builder	8
Lender	10
Title/Escrow Officer	6
Appraiser	7
Neighborhood Association Affiliate	10
Home Buyer	8
Home Seller	4
Landlord	13
Renter	11
Total	102†

†Note: The total number of individual real estate stakeholders interviewed was 102. However, several respondents occupied two stakeholder positions; for example, developers who were also real estate agents. Thus, when adding the number of real estate 'roles', the total is 114.

Table 1.3.2.2 - Respondent Demographics.

To analyze my data, I employed an abductive approach, immersing myself in field notes, memos, and interview transcriptions by reading and re-reading through hundreds of pages of data (Desmond 2012) and using Atlas.TI as an organizing device for codes. An abductive approach pays attention to how previous research informs the coding process and, at the same time, remains attentive to how new data may not fit the patterns expected by previous work (Timmermans and Tavory 2012). I report the findings that emerged from my data collection and analysis below, paying particular attention to the ways the housing market, race, and discrimination unfolded in ethnographic field work. I first trace how the everyday business of conducting housing exchange occurs through racially-stratified social networks across unique industries, then move to describing the institutional supports that enable racially-stratified networks. Finally, I show how discriminatory impact happens through the convergence of racially-distinct networks and institutional supports.

1.4. Social Networks: How the Housing Market Operates

The process of globalization and the rise of information technologies has pressured the real estate industry to become increasingly deterritorialized, or uprooted from local conditions (Gotham 2006). My research indicates that, simultaneous with these structural conditions, Houston's urban housing market is organized by social networks. That is, on-the-ground business is generated primarily by local referrals and repeat clients. Generating business through social networks happens across clients and colleagues. An example of the former is a real estate agent who generates the majority of their business through past clients, and the people those past clients have referred to them. An example of the latter would be a real estate agent who refers their clients to a list of preferred lenders (see Figure 1.4.1). In my research, this pattern of generating real estate business through social networks held true for all the real estate agents and developers I accompanied, regardless of race. But, the White real estate agents I observed had racially homogeneous, White social networks; those they interacted with—clients, potential clients, other real estate agents, developers, lenders, and so on—also tended to be White. On the other hand, the Black and Latino real estate agents I accompanied had racially heterogeneous networks and interactions.

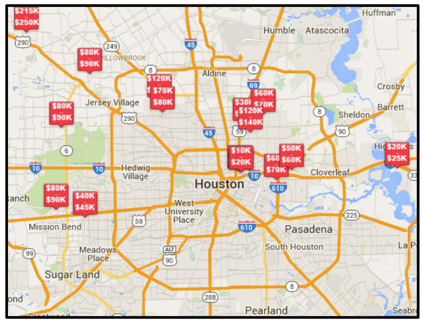
Figure 1.4.1 - Mapping the Everyday Operation of Urban Housing Markets.

Michael, one of the two Heights-based real estate agents I accompanied, had been a licensed real estate agent for about 15 years. A tall, White male with blonde hair, Michael was very dedicated to his work and to client satisfaction. He told me once as I accompanied him on a final walk-through with two home-buyers that he estimated 95% of his business was generated through referrals and repeat business. Indeed, both Michael and Jane—another Heights-based agent I shadowed—intentionally spent most of their 'marketing' budget on cultivating client relations. Jane, a middle-aged White female who estimated that about 80-85% of her business was through referral and repeat business, hosted at least two client appreciation parties during the study period. Both events were held on the grounds of Jane's brokerage in the Heights. At the first, a crawfish boil in April 2015, I observed approximately 100 people in attendance, almost all of them White. Other than two Black males who were cooking the crawfish, I saw one Black female, four Asian, and four Latino attendees. Similar to the crawfish boil, almost all of the roughly 75 attendees at the second client appreciation event were White, with the exception of about three Asians and four Latinos. I later discovered that Jane keeps track of all of her clients, and has a special three-ring binder filled with notes about her 'Top-Tier' clients—those clients that bring her business and whom she 'connects with.' This binder contained detailed information on Top-Tier clients, including their favorite desserts, their alma-maters, favorite sports teams, birthdays, anniversaries, and so on. In addition to inviting her Top-Tier to appreciation events, Jane's assistant, who was in charge of client relations, regularly sent gifts based on these preferences to Jane’s Top-Tier clients.

I also attended a client appreciation event put on by Michael for his 'top' clients. Though Michael did not keep a binder of his 'top-tier' like Jane did, he believed he knew which of his clients had given him the most business or had the *potential* to give him the most business—where 'business' is defined as dollars in real estate sold—and invited these clients to his wine tasting event. The wine tasting was at an urban winery in central Houston and lasted for several hours. Michael and his assistant had arranged for valet parking, live music, and light food to be served in addition to the tasting. I watched people come and go, drink, laugh, and talk for two hours that evening. With the exception of one Black male and one Latina, all of the approximately 50 people in attendance were White.

While Jane and Michael both conducted real estate business outside of the Heights, their work and racially-homogeneous, White networks were concentrated in or near the neighborhood. In contrast, while minority agents like Bill, Luis, Kevin, Melissa, and Ramon were active in Fifth Ward, Heights, and Northside, they often conducted business outside of these areas (see Figure 1.4.2, which compares real estate activity for Kevin, Melissa, and Michael). Only one minority real estate agent, Cora, worked on cultivating business primarily in Northside and the Heights. And, while all of the minority agents I shadowed generated the majority of their business through racially heterogeneous, Black, Latino, and White social networks, none of them hosted a client appreciation event during the study period, perhaps due to the more geographically diffuse nature of their diverse networks. Minority real estate agents worked harder in more areas of the city to generate business via referrals and repeat business, while White agents relied on White networks in smaller, Whiter, and often contiguous geographic areas. White agents thus had more time and energy to establish and consolidate working relationships with local developers and to be present with their clients, further cultivating trust and cementing their ties. Developers, in turn, relied on their own networks as well as the networks of the real estate agents they contracted to sell their newly-constructed homes.

a



b

c

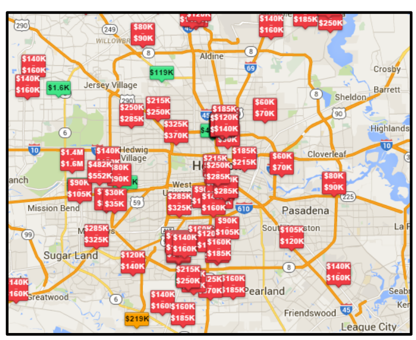


Figure 1.4.2 - (a) HAR.com map of Melissa's recent residential sales. (b) HAR.com map of Michael's recent residential sales. (c) HAR.com map of Kevin's recent residential sales.

Similar patterns of generating business via racially-stratified social networks were also prominent among the real estate stakeholders I interviewed. Almost all of the real estate agents I interviewed estimated that they generated more than 50% of their business through repeat business and client referrals, and the vast majority of agents said that at least 70% of their business came through repeat business and client referrals. And, similar to my observation of the racial composition of agents' networks in my field work, White real estate agents reported that the vast majority of their clients were White while Black and Latino agents reported racially heterogeneous networks. Lenders, escrow officers, and landlords also relied heavily on referrals. Of the lenders I interviewed, for example, all reported that the majority of their business came through referrals, and that these referrals were often brokered by real estate agents.

In terms of the means for generating real estate business, the housing market runs through racially-distinct social networks. Business-generating networks were racially homogeneous (White) for most White stakeholders and racially heterogeneous (Black, Latino, and White) for most Black and Latino stakeholders. The racial composition of real estate agents' social networks was reproduced in other stakeholders' (e.g. lenders, escrow officers, and landlords) networks through the referral-based system of generating housing market business. I turn now to an examination of the informal 'rules' organizing the operation of the housing market via these networks.

1.5. Institutional Supports for Racially-Stratified Social Networks

What are the informal or formal housing market rules that help maintain racially-stratified social networks and means of generating residential real estate business? The first rule, or institutional support, I identified was *percent-based real estate commission*. Percent-based real estate commission, or receiving a percentage cut of the residential sales price, is how American real estate agents historically have been paid. Every real estate agent I observed was quick to tell me that their commission rate was not 'fixed,' and that everything was negotiable. At the same time, whenever I asked real estate agents—both in the field and in interviews—about real estate commission, they became defensive, often justifying that the services they provided were worth the payment they received. In practice, real estate agents who listed homes for sale in my study consistently worked at and were protective of a 6% commission rate, splitting their pay 50-50 with home-buyers' agents.[2]

Once, after checking to ensure that one of his listings—a $900,000 home on an oversized urban lot—was ready to be shown by another agent, Michael and I drove to view another property he had just listed. As we drove, Michael started discussing a relationship between another agent at his brokerage and a local builder:

> [That agent]'s a real douche bag. I made a big stink about him at [my brokerage], because how he got the [Heights new construction] listing was he went and reduced his commission. (Field Notes, 6/18/2015)

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[2] Six percent is a common rate for real estate agents across the U.S. (Delcoure and Miller 2002).

Michael policed the other agent's reduction of the commission by reporting him at his brokerage. Jane, too, policed the commission of other agents at her brokerage. At a visit to her office one hot fall afternoon, Jane explained to me that I'd just missed a visit from a younger agent, who had come to her for advice. As I sat down in an empty office chair, Jane explained:

> Jane: Yeah, an agent of ours just came in. She had some clients come in right before closing and they tried to strong-arm her into giving back $1,000 of her commission…
>
> Author: Wow! Was she afraid she'll lose the deal if she doesn't give it to them?
>
> Jane: No, I think she was more afraid in terms of the future impact, as in no referrals from them. But I told her, 'These are not the people you want referrals from. These are people you say, 'Bye bye, have a nice life.' [waves goodbye with her hand] (Field Notes, 10/8/2015)

Jane felt so strongly about maintaining the commission rate that she told the other agent future referrals were less of a concern.

Black and Latino real estate agents were also protective of the standard 6% real estate commission rate, but they displayed some flexibility in pay options in an attempt to carve out competitive niches that White agents did not control. For example, Ramon, a middle-aged Latino developer and real estate agent, explained that most of the (re)development he had done in his career was in low-income Latino areas. Capitalizing on being bilingual, he eliminated the ‘middle-man’ by becoming a licensed real estate agent and charging a flat fee with guaranteed fast results rather than a percent-based fee with slow results to a primarily Spanish-speaking clientele. As we waited for a city inspector to arrive at one of his newly-constructed homes, Ramon explained:

> But what I would do is I would target highly motivated sellers: people going through a divorce, people with a death in the family—and I would tell them, I'll

> take 45 days to sell your home for $60,000…all based on a handshake, they haven't signed anything. If they decided they wanted me to sell, I would say, 'Okay, my fee is $6,000,' there would be no percentage. Then I would go out and match private lenders with the house. But I would make it happen. (Field Notes 10/15/2015)

On other occasions, Ramon emphasized that a percent-based real estate commission ensured that Latino homeowners with low-value homes—primarily in relatively low-income areas—receive low levels of customer service from real estate agents.

On the other hand, White agents working in predominantly White areas with primarily White clients, like Michael and Jane, were poised to gain much more by policing the percent-based pay structure. Home values in Harris County (which largely overlaps with the City of Houston) are systematically higher in White neighborhoods than in Black and Latino neighborhoods—even after controlling for home quality, size, commute time, poverty, crime, and school quality (Howell and Korver-Glenn 2016). Thus, White agents have little, if any, incentive to diversify their social networks or business-building strategies by pursuing sales in minority neighborhoods like Fifth Ward or Northside.

David, a middle-aged White real estate agent in Jane's brokerage, explained this dynamic as we waited for Jane to finish a phone call with a client one afternoon. He asked me what I had been learning so far in my research. Then, when I answered that it seemed as though real estate agents do not focus their marketing energy on Black and Latino areas like Fifth Ward and Northside, he replied:

> Well that's not because of ethnicity, you know why that is? Price. You have to do 15% more work, for houses under $200,000. The people over there aren't qualified [for mortgages], their houses haven't been maintained, and it's just a headache. …A $1 million-dollar house is a different type of work, but you know that it won't take three contracts to get it to stick. It's just sheer remuneration. If I

> were a new agent coming on the market, I wouldn't [market to those areas]. …I'll give you an example… This lady called not too long ago and wanted to look at a house in Third Ward [a Black neighborhood similar to Fifth Ward]. She said she had a good job and everything. I asked her if she was [pre-]qualified, and she said no, and I explained that she needed to talk to a lender to find out what she would be pre-qualified for, and that I would send her a list of lenders, and then she got all defensive! I mean I'll show her the house because it could result in a sale. But I know she's not qualified. And it's not because of race, it's because she doesn't know anything about the process, doesn't know about property taxes, and so on. (Field Notes, 8/20/2015)

David rejected the notion that differences in marketing were race-based, instead explaining that it was 'sheer remuneration' that caused these differences. At the same time, David drew upon racialized notions of homeownership by assuming minorities in ‘those areas’ would not qualify for mortgages and would be uneducated about the home-buying or selling process. In his view, recruiting clients in minority areas would require more work than the 6% commission rate would compensate. Even as David denied that race had anything to do with geographically targeted marketing, he explained that he and Jane do not seek out business in minority neighborhoods because of the lack of economic incentive to do so.

Percent-based commission also extends to other arms of the housing market, such as mortgage lending. For example, Nancy, a middle-aged White loan officer I interviewed, reported that she and the other loan officers at her mortgage bank worked on 100% commission, as did Corey, a White 30-something loan officer. While the pay structure for loan officers or lenders differs depending on the type of bank or broker they work for, loan officers—particularly those working for a mortgage bank or broker—are often paid a percentage of the “total revenue generated on a file” (McHood 2009). That is, the higher the loan amount, the more the loan officer is paid. Thus, in Houston, to the extent that home value represents the mortgage loan amount, the same pay-structure (dis)incentives that influence White real estate agents' recruitment of a racially-homogeneous, White clientele and non-recruitment of racial minorities can also influence White loan officers' business-building strategies.

The second institutional support that helped maintain racially-stratified means of generating business was what I call *tie control*, or the ability of real estate agents to control the flow of strong and weak business ties. As prior research has indicated, real estate agents can be powerful information gatekeepers within the housing market institution (Gotham 2002; Pearce 1979). They connect consumers with other housing market professionals—such as lenders, inspectors, stagers, and builders—and they connect housing market professionals with each other—building and décor suppliers with builders, other real estate agents with architects, and lenders with title companies, for example (see Figure 1.4.1). They select which professionals to connect consumers to, controlling the direction of capital flow and the formation of social networks. In other words, they are weak ties (Granovetter 1973) embedded in numerous strong-tie circles while also able to connect those circles.

In my study, tie control produced economic and social incentives beyond the normal compensation of percent-based commission. For White real estate professionals, tie control encouraged the status quo of cultivating racially-homogeneous White networks. For Black and Latino real estate professionals, tie control fostered creative approaches to cultivating a racially-diverse clientele. Because White professionals' ties controlled a flow of predominantly White clientele, Black and Latino professionals were, in effect, unable to direct the flow of ties between White stakeholders and instead spent much of their time generating business among other minorities.

Contrasting examples of tie control can be illustrated through Michael's relationship with his client, Lynne, Bill’s multi-faceted yet constrained development strategy, and Olivia’s lack of access to White, affluent clients. Michael was referred to Lynne, a middle-aged White female, by another White female and client of Michael's. Lynne, a wealthy business owner, hired Michael to sell her current house in the Heights for $875,000 and to then represent her as a buyer. Michael directed her to a $1.5 million house in another wealthy, White neighborhood, which had been built by a developer he had worked with for several years. Lynne purchased the home, but unfortunately the home had several issues even after closing, and Lynne was extremely unhappy. Because of Lynne's high social status and the amount of business Michael brings the White developer each year, Michael was able to successfully pressure the developer to do extensive repairs even after closing the transaction (a highly unusual practice). Michael spent several weeks personally driving over to Lynne's new home each morning to ensure the repairs were in order and were being completed to her satisfaction. In part due to Michael's work for her, Lynne then offered him significant economic discounts at her marketing and media business and opportunities to connect socially with other wealthy friends and associates. This example shows how Michael was able to influence a powerful builder and simultaneously induce a member of the White elite to open up further social and economic opportunities that would be a significant catalyst to Michael's further growth in White real estate, cementing his client cultivation strategy.

Bill, a Latino developer and real estate agent, also controlled the flow of ties between different types of stakeholders and received a variety of benefits beyond normal compensation. However, unlike the White real estate professionals I observed, Bill had a multi-faceted strategy for client cultivation; Bill and other minorities focused their business-building attention on a diverse client and colleague base. Bill, for instance, pursued projects in Latino, Black, and White neighborhoods such as Northside, Third Ward, Independence Heights, and the Heights. Bill hired a White foreman because of his experience and connections to other large-scale construction firms in the greater Houston area. He cultivated relationships with and linked Black, Latino immigrant, and Mexican American contractors, Black bankers, Asian and White investors, Black, Latino, and White real estate agents, White developers, and Latino building suppliers. As a result, he received inside information on lots going up for sale, competitive pricing for contracted work, experience building and marketing a variety of home styles, and ideas for maximizing profit in gentrifying areas.

Bill, like many of the developers I observed and interviewed, also attempted to cultivate White consumer business. For example, during the study period, he finished building four homes in the White Heights neighborhood. But Bill was constrained in the amount of White business he could pursue. For example, one day, as we waited for copies of construction plans to be made, he told me that a very popular, White Heights-area architect had refused to work with him. Another day, when we went to check on a job site in the Heights, he told me that the home had been broken into early that morning: "I hate that feeling, like you don't have control… and then the police came and he asked *me* for my ID!" (Field Notes 06/18/2015)

Like Bill, Olivia and other minority real estate professionals described constraints in accessing White consumer business. When I asked Olivia, an established middle-aged Black agent, if she could relate experiences of racial discrimination in the housing market, she replied that she had not experienced racial discrimination in the form of mistreatment, but then she suggested that being unable to access White client bases was another form of discrimination:

> … one of the things I'd like to do, as a realtor—and I'm still going to work on this—is to be able to sell those million-dollar properties. They don't touch us. (laughs) We're just as prepared as…anyone else, but I don't know anybody—I think there's one person in my office. She's one of the teachers. She actually sold a million-dollar property, but it's difficult. We don't even have a chance to get close to it.

After the interview, Olivia gave me (a White person) some of her business cards and said: "Make sure you tell me if you know somebody with a million-dollar listing!"

Like percent-based real estate commission, tie control produced racially-stratified client cultivation by rewarding White real estate agents and other professionals for maintaining the status quo of a racially-homogeneous, White network of clients and colleagues. For minority real estate professionals, tie control produced more economic and social incentives as they diversified their client and colleague portfolios. Yet their creativity in expanding their networks was constrained by White professionals' control of White consumer business.

1.6. Disparate-Impact Discrimination in the Housing Market

The racially-stratified operation of the urban Houston housing market occurs through racially-homogeneous (White), network-driven client cultivation for White professionals and racially-diverse, network-driven client cultivation for Black and Latino professionals. Network stratification then comes together with institutional ‘rules’ to generate differential impacts, or outcomes, for White and minority stakeholders. Here, I identify three examples of disparate-impact discrimination that flow out of the normal, everyday operation of the housing market.[3] First, the everyday operation of the housing market results in *limited minority access to housing* through practices like pocket listings, or listings that real estate agents keep 'in their pocket' and share only with people in their personal and professional social networks. Real estate agents sent pocket listings not only to former clients, but to friends, family, lenders, and builders, among others. Agents told me that pocket listings were used to generate heightened interest in a property—a sort of social-psychological incentive to have access to something before the rest of the public—as well as to preserve the privacy and wishes of their selling clients. Pocket listings occurred across Houston; during the study period, the *Houston Chronicle* reported on the weakening Houston housing market—mainly due to falling oil prices—and highlighted a local real estate agent who “is coping with the shift…by keeping some of the houses he's trying to sell off listing websites, so in case they don't sell right away the public won't see them as tainted” (Sarnoff 2015).

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[3] I identify these examples as disparate-impact rather than disparate-treatment because the same institutional ‘rules’ apply to housing market stakeholders regardless of race, but the effects of these rules favor Whites over minorities (cf. Pager and Shepherd 2008).

But pocket listings have the consequence—whether intended or unintended—of excluding most of the general public from access to a particular home. For White real estate agents, whose cultivated social networks are predominantly White, this means that racial minorities often never even know a pocket listing home is available. Jane and Michael both had pocket listings during the study period, and I heard them refer to other Heights-area agents who used them, too. In fact, in one interaction with Jane, I learned that another White male Heights-based agent had bragged that he had $157 million in sales in 2014, $79 million of which was through the (public) MLS system, and $78 million that he said was 'off-the-books' (Field Notes, 10/1/2015). Jane did not believe he had done that much in non-public residential sales, but it is probable—given the prevalence of pocket listings that I observed and learned of in interviews—that the amount of his non-public sales was substantial. While minority real estate agents occasionally used pocket listings—infrequently relative to White agents—the practice did not have the same exclusionary ramifications because their client and colleague networks were racially diverse.

Second, I found that the everyday operation of the housing market produced *lower levels of service* for minority consumers and neighborhoods relative to Whites. Though minority professionals experience constraints, they consistently try to generate business with White consumers and in White areas. However, the opposite flow of White professionals seeking to generate business with minority clients and in minority areas rarely occurs (see David's explanation, above). This unequal flow of client cultivation—supported by percent-based real estate commission and tie control—increases competition and levels of service for White consumers and decreases competition and levels of service for minority consumers. For example, because real estate agents pay for expensive staging and photography out-of-pocket, percent-based real estate commission (along with under-valued homes) limited the level of service Black and Latino Fifth Ward and Northside home sellers received from agents. Residential listings in Northside and Fifth Ward were rarely staged, for example, and yards were often uncut and overgrown. When present, photographs of listings on the Houston-area MLS were often low-quality, and open houses were rare, unless listings were in the gentrifying areas of Lindale Park (Northside) and East Bayou District (Fifth Ward).

Finally, the everyday operation of the housing market produced *differential rewards* for Whites relative to minorities. White real estate agents and their primarily White housing stakeholder colleagues (e.g. lenders, builders, and escrow officers) consolidated their control of White consumer business by in-group referrals to White clients and to White colleagues. One reward White professionals received as a result of the consolidation of control was centralized business operations, which freed up time, energy, and money to deepen transaction-producing relationships. For example, at Jane's Heights-area brokerage, sponsors—including lenders and home insurance associates—visited agent team meetings at least once a month, giving presentations and often providing breakfast. In other words, rather than knocking on doors and looking for colleagues to whom she could refer her clients, the colleagues came to Jane. This, in turn, allowed Jane to spend more time with her clients or in training other real estate agents.

On the other hand, while Black and Latino real estate professionals benefited from their racially-diverse client and colleague networks, the diverse nature of their networks meant that there was little, if any, consolidation of control or centralization of operations, for example. Minority real estate transactions tended to be spread across the City of Houston, stretching into the suburbs (see Figure 1.4.2). Thus, minority housing market professionals spent more time and energy driving around the city and searching for new leads. And, because minority professionals tended to have a majority-minority client base in minority areas, they received less compensation for the work they did due to the under-valuing of homes in minority areas (Howell and Korver-Glenn 2016).

1.7. Discussion and Conclusion

This study examined how the everyday operation of the contemporary housing market can produce disparate-impact discrimination against racial minorities. My findings extend prior research by showing how the urban Houston housing market operates through racially-stratified social networks that come together with institutional ‘rules’ like percent-based real estate commission and tie control to produce outcomes that disproportionately favor Whites over minorities. White professionals and consumers receive greater intangible and tangible rewards due to consolidation and centralization of racially-homogeneous networks, higher levels of competition and customer service, and exclusive access to housing. Minority professionals and consumers receive fewer rewards and, rather, are ‘taxed’ by the extra effort required to generate business among a diverse and decentralized clientele. Minority consumers and neighborhoods receive lower levels of competition and service, and both minority professionals and consumers have limited access to White-controlled homes through practices like pocket listings.

In the pre-Civil Rights era, racial steering was a fundamental part of how the housing market operated, with White real estate agents, lenders, investors, and property owners all benefiting from racially explicit marketing and sales and with minorities being negatively impacted by this arrangement (Gotham 2002; Massey and Denton 1993). Racial steering—now illegal due to the passage of the Fair Housing Act of 1968—still occurs and helps maintain racial inequality (Galster and Godfrey 2005). Indeed, while I did not observe any instances of explicit racial steering in my field work, I recorded several instances of racial steering in my interviews. However, because the housing market operates through and supports racially-stratified social networks, White real estate agents—who have homogeneous, White networks—do not *need* to steer their clients into particular areas to maintain social and economic advantages. Generating a racially-homogeneous client base, whether intentionally or unintentionally, results in virtually self-perpetuating opportunity hoarding for White real estate agents and the other White housing market professionals to whom they are connected—lenders, escrow officers, builders, stagers, photographers, suppliers, and so on—and has exclusionary effects for minority real estate professionals and consumers (see Elliott and Smith 2001; Parkin 1979; Weber 1968). Creative efforts to cultivate a racially-diverse clientele and expand profit-making potential by minority real estate professionals, such as the dual-role and multi-pronged strategies developed by developer-real estate agents Bill and Ramon (above), show that overcoming constraints in accessing White-controlled networks and areas requires an extraordinary amount of effort.

My research points to the need to consider the housing market and discrimination more broadly, beyond the usual focus on a single housing market industry and on disparate-treatment discrimination (cf. Cloud and Galster 1993). Such a shift in focus illuminates that the way homes are exchanged in the housing market—through racially-distinct networks supported by institutional characteristics like percent-based pay structure—remains essentially the same now as it was in the pre-fair housing era (Gotham 2002; Stuart 2003). Thus, attempts to quantify and prosecute housing discrimination must consider and interrogate the broader system in which unique housing industries and disparate-treatment discrimination are embedded (cf. Reskin 2012).

While my work centered on the study of everyday housing market operations across three urban Houston neighborhoods, my findings are not limited to these three neighborhoods and, indeed, seem to characterize the Houston housing market more broadly. For example, while Jane and Michael conducted most of their business in the Heights, all of the agents I shadowed conducted business in multiple neighborhoods (see Figure 1.4.2 for an illustration of real estate activity). And, while all of the real estate professionals and consumers I interviewed were in some way active in one of the three neighborhoods in which I based my study, I conducted interviews in 25 different Houston-area ZIP codes—in respondents' offices or public places convenient to the respondent's work that day. In other words, the social network-driven nature of the housing market in Houston is not limited by neighborhood boundaries.

However, because my work is centered in Houston's urban housing market and cannot describe how residential real estate operates in other cities, I encourage further study of the housing market more broadly in other urban US centers. Such work could help produce practical corrective interventions that may help mitigate the inadequacies of fair housing legislation. Real estate boards could find ways to incentivize social network diversification and promote alternative pay structures, such as flat fees (which are used in the appraisal industry). And, because real estate boards have decried pocket listings in California, for example (Miller-Bougdanos and Bailey 2013), a joint collaboration between policymakers and boards—who stand to lose much profit when listings are not bought and sold through their public exchanges—could generate legislation that would make pocket listings much more difficult for real estate agents to engage. Future research should also look for ways in which minorities use creative strategies to establish profit niches in real estate. Because Houston's largest group is Latinos (see Table 1.3.1.1), Latino real estate entrepreneurs may be especially well-positioned to compete with White real estate professionals due to the strength of co-ethnic ties I observed among Latino real estate professionals in my study.

Finally, my findings also suggest that future research needs to revisit the extraordinary impact that racially-stratified residential home appraisals have on the racially-stratified organization of the housing market (Pattillo 2013) through ‘rules’ like percent-based real estate commission. Future research should also continue to examine the links between housing-related racial stratification, wealth accumulation, and education. As long as White residential spaces are preserved as White—through racially-stratified social networks, ‘rules’ that favor homogeneous White networks, and disproportionate rewards for White stakeholders—and minority residential spaces are devalued relative to White residential spaces, inequitable wealth accumulation and access to education will continue (cf. Oliver and Shapiro 2006). It is only by examining the complex relationships between housing market stakeholders within the context of its overall, ordinary operation that we will be able to identify suitable solutions.

Chapter 2

Building and Brokering Race: How an Institution Helps Make Racially Segregated U.S. Cities

Housing market discrimination and racialized residential preferences—often theorized as mechanisms driving segregated American cities—persist well past the passage of fair housing legislation in the 1960s and 1970s (Crowder and Krysan 2016; Krysan et al. 2014). Explanations of why housing market discrimination and racial residential preferences persist have typically fallen into two categories. First, key housing market players like real estate brokers, lenders, and home buyers are racially prejudiced, even if not overtly so, or rely on racial stereotypes or affinities to make discriminatory real estate decisions even when other-race individuals are otherwise socioeconomically similar (Cloud and Galster 1993; Galster and Godfrey 2005; Ondrich et al. 2003; Squires and Chadwick 2006; Zhao et al. 2006). And, second, federal fair housing law is both weak and weakly enforced, which allows housing market stakeholders to act on their prejudices (Massey 2015; Schwemm 2007). Overall, these explanations pivot on *individuals* (or aggregated individual outcomes) and, secondarily, on structural limitations such as unevenly enforced fair housing legislation as the key to widespread, and persistent, segregation of minorities and Whites in urban America.

Yet theoretical work on race urges examinations of housing inequality and segregation that extend beyond, but also include, individualized mistreatment and preferences, permeating and structuring organizations, institutions, and society (Bonilla-Silva 1997, 2015; Golash-Boza 2016; Pager and Shepherd 2008; Reskin 2012; Rugh et al. 2015; Stuart 2003). This body of work prompts an *institutional* line of inquiry: What is it about the housing market that continues to reproduce residential segregation? This question reorients the conversation to focus less on individual prejudices and stereotypes and to focus more on how the housing market, as an institution, perpetuates and encourages such individual prejudices and instances of discrimination. There are two dynamic housing market conditions that I find to be particularly salient for supporting practices that reproduce prejudice and discrimination, but are largely ignored in prior empirical research. These two conditions are the lax regulatory climate of housing development, which supports racial targeting in housing investment, and the social network-driven business model, which facilitates racially-influenced transactions across multiple housing market industries through real estate agent 'gatekeepers.'

To document and investigate these and related institutional practices, I conducted a year of ethnographic fieldwork and more than 100 in-depth interviews in the Houston, Texas housing market. Throughout this research, I collected data on a wide range of stakeholders and their interactions, including real estate brokers and agents, developers, lenders, home sellers, and home buyers. I also investigated real estate brokerage, lending, and appraisal rules as well as federal and structural guidelines for housing development and transactions. In what follows, I unpack the institutional characteristics and practices that support racial discrimination and racial residential preferences. I focus first on home sales and, secondarily, rental transactions to highlight the various ways they promote ongoing linkages between discrimination and racial residential preferences that ultimately reproduce segregated city spaces.

2.1. The Making of Racially-Segregated U.S. Cities

Sociohistorical research on the housing market has illuminated the complexity and intentionality involved in crafting racially-segregated American cities prior to the Civil Rights era. Neighborhood redlining, the exclusion of Blacks from FHA-backed mortgages, blockbusting, racial steering, racially-restrictive neighborhood covenants, and racial violence directed at Blacks by Whites all operated together via the institutional engine of the housing market to create and cement deeply segregated cities (Gotham 2002; Jackson 1985; Massey and Denton 1993). While the Fair Housing Act of 1968 and other fair-housing related legislation were intended to help stem the tide of intentionally-implemented segregation mechanisms (Massey 2015), U.S. cities remain deeply segregated along racial lines (Iceland 2009; Logan and Stults 2011).

Sociological explanations for why segregation persists tend to revolve around two related dynamics:[1] housing market discrimination by real estate professionals (e.g. real estate agents and brokers, lenders, appraisers, and property insurance providers) and racial residential preferences of home buyers and sellers (Cloud and Galster 1993; Galster and Godfrey 2005; Krysan et al. 2014; Ondrich et al. 2003; Squires and Chadwick 2006; Yinger 1999; Zhao et al. 2006). Segregation scholars have theorized that because federal fair housing legislation is inconsistently enforced (Massey 2015; Schwemm 2007) and because it is impossible to craft policy interventions that address the 'free will' endemic to preferences (Krysan et al. 2014), individual housing market professionals and consumers can continue to invoke racial prejudices, stereotypes, or affinities, whether overt or covert, to make discriminatory[2] decisions that, in the aggregate, perpetuate segregation (Bonilla-Silva 2015; Cloud and Galster 1993; Galster and Godfrey 2005;

[1] Another major explanation for persistent segregation is systematic economic differences between groups (Krysan et al. 2014). However, most available evidence suggests that the 'economic' explanation is inadequate, particularly with respect to Blacks and Latinos, who continue to experience less favorable residential outcomes relative to Whites even when income and education are similar. While there is evidence that as minority income and education increase, minority access to White neighborhoods increases and exposure to pollution and poverty decreases, racial differences in neighborhood outcomes persist even after individual socioeconomic differences have been accounted for (Crowder and Downey 2010; Crowder, Pais, and South 2012).

[2] I define discrimination as disparate treatment (mistreatment) of minorities relative to Whites and as disparate impact (negative impact) on minorities relative to Whites (Pager and Shepherd 2008; Yinger 1999). Discrimination does not have to be intentional or 'racist' to result in unequal treatment or impact. For example, because Whites persist in having the strongest anti-other race residential preferences (Krysan et al. 2014), to the extent that their preferences translate into residential behavior, their preferences and behavior would have a discriminatory impact on minorities, who would be disproportionately avoided during Whites' home selection process.

Krysan et al. 2014; Ondrich et al. 2003; Squires and Chadwick 2006; Yinger 1999; Zhao et al. 2006).

One theoretical approach that places discrimination and preferences in conversation with each other is place stratification theory, which explains persistent segregation by emphasizing that spatial hierarchies of race are produced through institutional barriers that reinforce the place-ment of social hierarchy (e.g. Logan 1978; Rugh 2015; Stearns and Logan 1986). The barriers conceptualized as institutional by place stratification theory frequently originate in individual beliefs and actions and become institutionalized when individual beliefs and behaviors are aggregated and result in exclusionary or discriminatory outcomes (Krysan et al. 2014). For example, racially exclusionary zoning—an increasingly common barrier to racial residential integration—has been conceptualized as the outcome of a political economy comprised of predominantly White homeowners and business interests (e.g. Rothwell and Massey 2009; Shertzer et al. 2016). Other institutional barriers posited by place stratification theorists, such as housing discrimination and the dual, or segmented, housing market, are also conceptualized in terms of individual and aggregated prejudices, preferences, and actions by real estate agents and mortgage brokers, among others (Apgar and Calder 2005; Galster and Godfrey 2005; Stearns and Logan 1986).

Despite these advances in understanding why segregation persists, I contend that more fully explaining the persistence of racial segregation requires a shift in conceptual emphasis, from the individual-becomes-institutional approach to an institution-shapes-individual perspective with respect to the housing market. Taking cues from critical race theory, I argue that focusing first on the institution *qua* institution will better illuminate the dynamic housing market conditions and practices that enable and construct individual and aggregated instances of racial discrimination and racial residential preferences (cf. Crenshaw et al. 1995). Institutions are, of course, in part comprised by individual interactions and transactions; yet they also exist outside of individuals, taking on a life of their own and shaping what individuals think and do (Bonilla-Silva 1997; Crenshaw et al. 1995; Lewis 2003; Moore 2008; Saperstein et al. 2013). Robust explanations of why segregation continues in post-fair housing America must examine the dialectical relationship between institutional conditions and practices on the one hand and individual beliefs and behaviors on the other.

Lewis (2003:4), for example, examined the "institutional cultures and structures" of public schools that enabled racialization processes across student-teacher and teacher-parent interactions to occur. Local public school funding schemes, paired with the ways in which public schools differentially reward different types of social and cultural capital, supported the conditions under which racial narratives and inequality were reproduced. Similarly, Moore (2008:14) studied "the interaction between structural attributes of elite law schools, everyday cultural and institutional practices, and dominant ideologies and discourses in the schools." She found that the structural and institutional attributes that characterized these elite law schools, such as legal education curricula that frame the law as impartial, authoritative, and not connected to power relations, organized the schools along racial lines. These and other studies (e.g. Walker's (2016) study of racialization processes in and through the lens of a penal institution) demonstrate the importance of examining and evaluating institutions in their own right—specifically, in this case, with respect to the ongoing spatial manifestations of racial hierarchy produced through the housing market.

My aim is thus to extend the theoretical conversation on the causes of racial segregation—place stratification theory in particular. To do so, I conduct an on-the-ground empirical observation of the housing market. Specifically, I trace how current institutional conditions and practices encourage the reproduction of racial differentiation and hierarchy across housing market transactions in ways that ultimately reproduce segregated city spaces. Relying on data collected from a year of ethnographic research and more than 100 in-depth interviews (discussed below), I investigate first the regulatory context of housing development and how it encourages developers to rely on (assumed) racial stereotypes and residential preferences to make discriminatory decisions about where and how to invest and build urban housing. Second, I investigate the institutionalized social networking business model and how it pressures real estate stakeholders to accommodate home buyers' and sellers' racialized preferences at the same time that it channels market exchanges between them through racially distinct social networks.

2.2. Research Design and Site

2.2.1. Research Context: Houston, Texas

My study is situated in Houston, Texas. Houston, now America's fourth-largest city and most ethnically-diverse large metropolitan area (Emerson et al. 2012), is an ideal case for examining segregation-related processes and the housing market. Houston is a pro-growth, or development-oriented, city and thus the housing market is continuously active (Feagin 1988; Logan and Molotch 1987). Houston's real estate market was relatively unaffected by the recent housing crash compared to markets in many other large and regional cities (Federal Reserve Bank of Dallas 2008). Additionally, while Houston is less segregated than other cities, segregation indices still demonstrate 'high' levels of segregation—for example, Black-White segregation, using the Dissimilarity Index, was 0.64 in 2010 (Emerson et al. 2012). I chose to study residential real estate using three urban Houston neighborhoods—each with one dominant racial group (Black, Latino, and White)—as a launching point for collecting data to ensure a racially diverse sample and diverse housing market activity. In each neighborhood, the dominant group was roughly twice (or more) its overall proportion in the city.

The three neighborhoods—Fifth Ward, Heights, and Northside—share some characteristics and are also distinct (see Figure 2.2.1.1 for a map of the study area; see Table 2.2.1.1 for neighborhood and city demographics). For example, each neighborhood is roughly equidistant to Houston's downtown and has equal access to major freeways—a crucial characteristic in light of Houston's car-oriented transportation system (Feagin 1988). Fifth Ward, Heights, and Northside are among Houston's oldest neighborhoods, and each area experienced significant disinvestment in the latter half of the 20th century. On the other hand, the three neighborhoods have diverged in terms of socioeconomic status over the past 20 years. Yet, as my fieldwork and interviews will demonstrate, real estate stakeholders did not only conceptualize their work in terms of these neighborhoods and their differences. Indeed, in every case, my informants and respondents were active across multiple Houston neighborhoods and conceptualized their work in broad terms.

This breadth means that the three originating neighborhoods serve not as geographic containers for the research conducted but as strategic conduits through which data could be gathered on the wide spectrum of the Houston housing market.

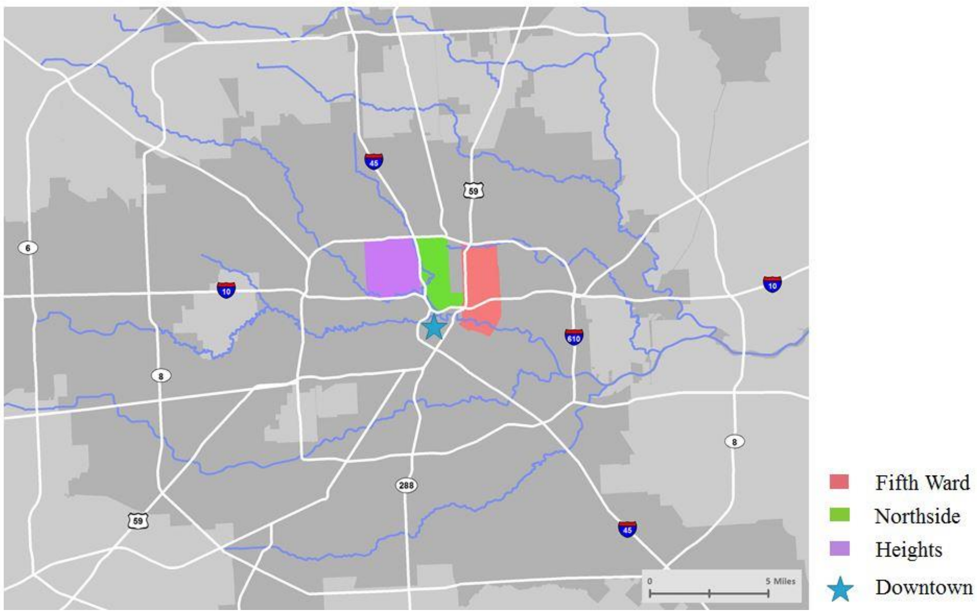

Figure 2.2.1.1 - Map of Houston Highlighting Study Area.

	Fifth Ward	Heights	Northside	Houston
Total Population (n)	23,504	33,783	24,766	2,136,166
Hispanic/Latino (%)	39.38	34.19	81.24	43.9
Black alone (%)	57.59	2.13	10.64	22.8
Non-Hispanic White (%)	3.54	58.77	7.34	25.5
Housing units owner-occupied (%)	37.15	58.3	42.98	44.54
Over-25 adults with GED/high school diploma or above (%)	62.49	86.3	56.48	75.87
Over-25 adults with bachelor’s degree or higher (%)	9.71	54.81	8.72	29.8

†Note: Population estimates are from the American Community Survey 2014 5-year estimates.

Table 2.2.1.1 – Neighborhood and City Demographic Characteristics.

2.2.2. Data Collection and Analytic Approach

To probe the characteristics of the housing market that enable individual racial preferences and discriminatory behaviors, I used a mix of methods to collect my data over the course of one year (February 2015-February 2016). First, to examine processes underlying housing transactions, I used ethnographic ‘go-alongs’, combining participant observation with directed questions to informants (Kusenbach 2003). Taking detailed field notes for each interaction, I completed 118 go-alongs with 13 different real estate agents and developers during the year of field work, in addition to observing numerous appraisers, inspectors, home buyers, and home sellers I encountered during go-alongs. These interactions and the events associated with them lasted an average of 1.5 hours, and ranged between half an hour to eight hours in length. Go-alongs with real estate agents included: listing appointments, open houses, meetings with builders/developers, staging appointments, prospecting for land, client appreciation events, consulting former and current clients, and closings. And, go-alongs with developers included prospecting for land, meeting with investors and construction lenders, navigating city permitting and the City of Houston Planning and Development Department, examining current construction sites, meeting with contractors, and meeting with architects. To access these opportunities for participant observation, I maintained frequent email contact with my informants, who generally did not spend much, if any, time in any one location (including their offices, if they had them). I found out about events through email, text message, or phone calls, and arranged my schedule around the events that would maximize my time with each informant each week, often meeting them at locations arranged at least a day in advance (e.g. at a for-sale house, title company office, or construction site). Typically, if the informant introduced me to others involved in the interaction or transaction (which was not always the case), they explained I was shadowing them to learn more about Houston real estate. At times, I was portrayed as having a more active role, such as when Michael, a White Heights-based real estate agent, portrayed me as a home-buying client to another competing real estate agent.

To identify real estate agent informants, I compiled a list of agents with multiple listings in each neighborhood for January 2015 and continued inviting agents to participate until at least two agent-informants per neighborhood agreed (See Table 2.2.2.1 for an overview of informants). I offered a $100 gift card to all informants for their participation in the study. Importantly, while informants were active in at least one of the three 'launching point' neighborhoods, their real estate work often occurred outside of these areas and across Houston.

In addition to field work with informants, I was a participant observer at more than 50 open houses and neighborhood association meetings. I took detailed field notes on my informal interactions with real estate agents and other attendees (e.g. potential home buyers) as well as demographic characteristics of attendees. Typically, I used the local real estate board website, HAR.com, to find open houses to attend on any given weekend. Once at the home, I took notes on the appearance of the home as well as whom I observed entering and exiting. I then entered the home, introduced myself to the real estate agent, and collected available literature (e.g. brochures). Usually, when introducing myself, I explained that I was not a potential buyer but was researching real estate and, in every case, I remained sensitive to the agents' need to answer potential buyer questions, stepping to the side if another person approached the real estate agent. In most cases, these interactions were brief, but yielded information that helped corroborate data collected during go-alongs and in-depth interviews, such as finding that agents generated most of their business via social networks. After speaking with the real estate agent, I walked through the home and then finished writing out all notes after returning to my vehicle. For all field work, I wrote memos regularly to reflect on emergent themes.

	Occupation	Race
Fifth Ward		
Melissa	Real estate agent	Black
Chase	Real estate agent	White
Sharon	Developer	Black
Pablo	Developer	Latino
Ramon†	Developer-Real estate agent	Latino
Heights		
Jane	Real estate agent	White
Michael	Real estate agent	White
Tom	Developer	White
Luis	Developer-Real estate agent	Latino
Jim†	Developer-Real estate agent	Latino
Northside		
Kevin	Real estate agent	Black
Cora	Real estate agent	Latina
Jay	Real estate agent	White
Jim†	Developer-Real estate agent	Latino
Ramon†	Developer-Real estate agent	Latino

†Note: Indicates substantial activity in two of the three research neighborhood sites. All informants were active in multiple Houston-area neighborhoods.

Table 2.2.2.1 – Informant Pseudonym, Occupation, and Race.

Second, to explore and examine in more detail my field observations as well as to test emerging themes, I interviewed 102 real estate stakeholders using semi-structured, in-depth interviews. The interview guide for the in-depth interviews consisted of two broad sets of questions. First, I asked respondents general questions about their involvement in and understanding of the housing market. Second, I asked respondents to explain their perceptions of how race was related to the housing market. Often, respondents related the housing market to race within the first battery of questions, prior to my questions about perceived links between race and the housing market. The stakeholders I interviewed were real estate agents, developers, lenders, appraisers, escrow officers, neighborhood association affiliates, landlords, renters, home sellers, and home buyers (see Table 2.2.2.2 for an overview of respondent demographics).

I recruited real estate agents, developers, neighborhood association affiliates, landlords, renters, home sellers, and home buyers through participant observation at open houses and civic club meetings as well as through purposive sampling. Early on in my field work and interviews with real estate agents, I observed that real estate agents kept short lists of lenders that they referred to their clients, and that clients frequently used these recommendations. Agents also tended to use the same small number of escrow officers across home sale transactions. Lenders, in turn, worked with a small number of appraisal management companies. Thus, I recruited lenders, appraisers, and escrow officers using social network-driven sampling, in which agents were asked for lists of lenders and escrow officers they recommended or used most often, and lenders were asked for the appraisal management companies they used most frequently in the study neighborhoods. I offered all respondents a $25 gift card for their participation in the study. I completed all interviews during the February 2015-February 2016 period. Like informants, housing market respondents were in no way limited to the three ‘launching point’ neighborhoods: I conducted interviews in places most convenient for respondents, crisscrossing a total of 25 Houston-area ZIP codes during interview data collection. All interviews were professionally transcribed and I checked each transcription for accuracy. Pseudonyms are used throughout to protect informant and respondent confidentiality.

Sex	
Female	48
Male	54
Race	
Asian	5
Black	16
Latino	24
Multiracial	2
White	55
Average Age	47
Real Estate Role	
Real Estate Agent	37
Developer-Builder	8
Lender	10
Title/Escrow Officer	6
Appraiser	7
Neighborhood Association Affiliate	10
Home Buyer	8
Home Seller	4
Landlord	13
Renter	11
Total	102†

†Note: The total number of individual real estate stakeholders interviewed was 102. However, several respondents occupied two stakeholder positions; for example, developers who were also real estate agents. Thus, when adding the number of real estate ‘roles’, the total is 114.

Table 2.2.2.2 – Respondent Demographics.

Finally, I collected supplemental data on Houston’s housing market by examining the local real estate board, HAR, and the Texas Real Estate Commission through information obtained from their websites (har.com and trec.texas.gov, respectively), as well as how housing market stakeholders used HAR and other institutionally-oriented software packages like metrostudy, a developer-oriented software that helps developers see patterns of current development and opportunities for future development (among other supports).

I used an abductive approach to code and analyze my data. An abductive approach allows themes and patterns explored in prior research to inform the coding process while also encouraging attentiveness to ways data may diverge from previous work (Timmermans and Tavory 2012). I immersed myself in all data, reading and re-reading all field notes, memos, and interview transcriptions (Desmond 2012). I used Atlas.TI to help organize my codes and theorize connections among them. This immersion and the richness of data collection described above yielded a number of important insights. For the purposes of the present study, I chose to focus on the dynamic institutional conditions that promote practices associated with the reproduction of racial residential preferences and discrimination. I chose to pursue this line of investigation because I wanted to highlight the animating, or motivating, factors supporting the ongoing salience of preferences and discrimination in housing exchange (cf. Bader and Krysan 2015; Ondrich et al. 2003).

2.3. The Regulatory Context of Housing Development

While political-economic work on the housing market has examined the role of the housing development industry in generating or supporting urban inequality generally (Lin 1995; Logan and Molotch 1987; Logan et al.1997), little contemporary work has linked racial discrimination and segregation to the development branch of the housing market specifically. (For an exception, see Joe Feagin's (1988) discussion of institutionalized racism in pro-growth/pro-development urban regimes). This is a surprising omission given the key role developers, such as Levitt and Sons, played in the racialized processes of White flight and suburban growth in the 20th Century (Feagin and Parker 1990; Jackson 1985) and the fact that developers' work crosses into and through other residential real estate domains, such as real estate brokerage, mortgage lending, and appraisal industries (Bourdieu 2005; Feagin and Parker 1990). In this section, I will present findings that show how the regulatory context of today's housing development enables racial discrimination and residential preferences to occur in ways that reproduce segregated city space.

To begin, a review of industry guidelines reveals that real estate agents, brokers, and appraisers are all required to obtain a real estate license, which in Texas requires them to take 30 hours of required real estate classes, pass a real estate exam prior to obtaining their real estate license, and continue taking classes to maintain their professional status (TREC). These stakeholders are also subject to sanctions if they violate real estate ethics laws. By contrast, developers are not constrained by state-level licensing requirements in Texas, though such requirements do exist in 22 U.S. states (Maxwell 2014), and rare municipal licensing requirements consist mainly of registration forms, not classes or exams. (E.g. The City of San Antonio requires contractor registration licenses). Thus, developers and builders in Houston do not need to take any form of standardized training—fair housing or otherwise—to start purchasing and developing land for residential use, nor are they held accountable for ethics violations because a consistent code of ethics for housing development does not exist. In stark contrast to the regulation of home construction through city permitting, engineering, and planning departments, developers' adherence to fair housing law—in decisions about where to develop land that have implications for disparate-impact discrimination, for example—is virtually unmonitored.

This regulatory context encourages developers to adopt investment and building strategies they believe will be most profitable—with no regard to the potentially racial nature of these beliefs. In other words, the regulatory context of housing development does not place the housing development industry and fair housing law in conversation with one another, providing few, if any, avenues to monitor or correct the entanglement of (assumed) racial preferences and racially discriminatory behaviors within the housing development industry. In my study, because developers generally assumed that Whites had money to spend while minorities did not, and also assumed Whites did not want to live in minority communities (especially Black neighborhoods), *they made investment decisions that combined discriminatory behavior with (assumed) racial preferences.* They had no disincentive for doing so and, indeed, their anecdotal experiences seemed to function as a feedback loop that reinforced the entanglement of discrimination and preferences.

Stan, a Latino Heights developer, described his development strategy this way (emphasis added):

> ...We're not really allowed to talk about it, but the reality is people – how do I say this tactfully? ...People won't buy in Black areas. They'll buy in Hispanic areas – you know – reluctantly. And as a business person…**I've got to build what people will buy. There are just certain areas you just don't go into.**

Stan’s building decisions—including what land to acquire and where—were influenced by his understandings of Whites as the main holders of economic capital and their racial preferences of where they would invest their capital—away from Blacks, certainly, and reluctantly with Latinos. Stan illustrated a common view among small- to mid-size developers, which was that until a large Houston-area developer (e.g. Lovett Homes, Perry Homes, or David Weekley Homes) decided to ‘make a play’ in a Latino or Black neighborhood, they could not afford to ‘take a risk’ by building where they thought White people would not want to buy.

Another developer, White, middle-aged Corey, explained her development strategy similarly to Stan (emphasis added):

> **I know that I would never purchase anything in Fifth Ward at this point, because I don't know it. I think it's Black. I think it's heavily populated with Hispanics and maybe some Blacks.** And my clientele, the people that are going to buy my house, they're not Black or Hispanic. That's the reality. I'm not discriminating; that is the reality. People who are going to buy my house are typically White.

Both Corey and Stan self-identified as leftist liberals and demonstrated awareness of and indignation towards racial inequality. Yet because their business models were oriented around assumptions about racial groups and racialized preferences in home buying, they made investment decisions that, at the very least, had discriminatory impact on minority communities. Despite Corey’s insistence that she was not discriminating, the ‘reality’ that she relied on to make business decisions—a reality uncontested by any form of institutional accountability, training, or fair housing enforcement—reinforced links between racial residential preferences, mistreatment of minority communities relative to White communities and clients, and economic (dis)investment.

The lack of institutional accountability in housing development also supported the conditions under which *immigrants and other minorities could be targeted, without consequence, by developers* interested in buying investment property for the lowest possible price, often below market value—particularly in areas they believed Whites were increasingly demanding. For example, in my fieldwork with Luis, a developer who was a native Spanish speaker with high levels of human capital, I found that he strategically used his co-ethnic and co-linguistic status to persuade immigrant Latino homeowners to sell him their homes at bargain prices. One day towards the end of our time together, Luis told me that when he immigrated to the U.S., his parents were afraid that he would experience discrimination, but that this had not happened even though he had lived in predominantly White neighborhoods. As we ended our conversation, which had touched on topics related to race and discrimination in his own personal history, Luis lit up a cigarette and I asked him when he wanted me to get in touch next. He replied, "Actually, I'm going to negotiate a deal on [Bravo Street] tomorrow." "Can I come?" I asked. "Actually," he laughed,

> because of what we were just talking about, no, because it's a sweet old Hispanic lady. Why? Because she only wants to sell to other Latinos? Because she's afraid you'll take advantage of her? I mean, I'm not gonna wear this [pointing to his expensive, tailored suit], I'm gonna wear jeans or something, too.

Luis did not allow me to observe his deal with a co-ethnic who, he presumed, would trust him enough to sell him their home at a lower price than if I, a White person, had been present.

Another developer, White, middle-aged Brad, did not have the cultural or symbolic capital Luis did, but similarly targeted Hispanic homeowners to find homes at bargain prices that he could tear down in order to make room for new construction. When I asked Brad about why Hispanics were moving out of the Heights neighborhood, he explained:

> Because they [Hispanics] get bought-out, right? …I mean, I buy houses every day from Hispanics. They move somewhere else, we take their property, destroy it, and build a house for a rich White family to move in.

When I asked him where he thought the Hispanic families moved, he provided a guess (the suburbs) and then rationalized his development strategy by believing that the Hispanic families he had bought out had made "good money" with which they could now live a good life in the suburbs:

> You know, I don't, actually. …I wondered that. Because, um, you know, actually, I mean…they'll just move out to the suburbs, or Katy [a suburb]—Or—I mean, they make good money. Usually their properties are paid for, and they make $300,000 to $400,000 to go buy a really nice house in Katy—So they can get—get out of their two—two-bedroom-bath bungalow that's falling down.

Throughout my fieldwork and interviews, developers regularly reported making decisions about which land and landholders to target next based on their projections of the current or next 'hot' area in which, they assumed, primarily Whites would be buying. These decisions, made possible by a total lack of industry oversight with respect to fair housing, were disproportionately directed at immigrants and other minority homeowners that were perceived as less financially savvy than Whites. Ultimately, developers tended to orient their business models around targeting a specifically White clientele and what they perceived White homebuyers would want in part because they were not constrained by any regulations that de-incentivized such racialized decision-making. In other words, the regulatory context of housing development helped reproduce segregation by concentrating Whites in urban space and disproportionately excluding many Black and

Latino areas from new development through developers' assumptions of lower demand in these spaces.[3]

2.4. The Social Network-Driven Business Model

A second dynamic property of the housing market institution that enables housing discrimination and racial residential preferences to co-occur is the social network-driven business model around which most housing market industries are oriented. Key housing market gatekeeper industries, including real estate brokerage, mortgage lending, and escrow (title), rely heavily, if not exclusively, on client referrals and repeat business to turn a profit in their everyday operations. Almost all of the agents I interviewed, for example, and all of the agents I shadowed generated more than 50% of their business via referrals and repeat business, and the vast majority generated at least 70% of their business through referrals and repeat clients. All the lenders I interviewed generated more than half of their business through referrals and repeat clients. This so-called 'sphere of influence' business model is underscored and promoted heavily by brokerages (firms that manage individual real estate agents). For example, Better Homes and Gardens Real Estate - Gary Greene (BHGRE Gary Greene), the second largest brokerage in Houston by

[3] It is important to note that there were exceptions to this general Whites-oriented development strategy. For example, mid-size developer Pablo—active in Fifth Ward—did not act on perceptions of Whites' preferences and reaped economic gain by capitalizing on demand in the entry-level home-buying market among middle-class Blacks, Latinos, and Whites. During fieldwork, all but one of Pablo's newly-constructed homes pre-sold prior to the completion of construction.

gross dollar volume ($2,224,599,929 in 2014) (Houston Business Journal 2014), produced a brochure on career opportunities for real estate agents stating:

> Expanding the quality and quantity of your personal "sphere of influence" *for business* is *the most* important factor to generating income. It's all about prospecting…. You are building your own book of business that will growth through repeat business and referrals – it takes time, effort and patience! (BHGRE Gary Greene p. 12, emphasis original)

Given the institutional pressure to generate business through social networks, housing market stakeholders had no real incentive to upset or negate their clients and *every* incentive to accommodate their clients, keeping them happy, and aiding their quest to 'feel comfortable'. To protect their own economic interests, real estate agents and other professionals who relied on social networks to build their businesses were pressured to oblige their clients' economic *and* social interests—regardless of how 'racist' they were—because the housing market only rarely tolerates alternative business models (see also Yinger 1999). And, because real estate stakeholders' social networks were racially distinct—for example, the racial composition of White real estate agents' and lenders' clientele was overwhelmingly White, while minority real estate agents and lenders had more diverse clientele, the institutional business model facilitated racially distinct flow of information and housing exchange. The social network-driven business model that characterizes multiple housing market industries generates the conditions under which racialized preferences of buyers and sellers can be translated into discrimination by real estate professionals. This occurs primarily through the housing market 'gatekeepers': real estate agents.

Highlighting the social network-driven business model of the housing market helps explain why consumer prejudice continues to be perpetuated through discriminatory actions like racial steering and provides insight into the incentives housing market professionals have for tolerating consumers' racial preferences and discrimination (Ondrich et al. 2003). For example, to maintain and build their client base through referrals and repeats, real estate agents *accommodated their clients' explicit racial or racist narratives*. This accommodation generally meant showing their clients homes in neighborhoods that would satisfy the clients' expressed racial wishes, avoiding showing them homes in neighborhoods that would violate those wishes, or, for sellers, avoiding showing homes to specified racial groups. For agents with White clients, the accommodation was usually in response to racial narratives of out-group avoidance. For agents with Asian, Black, or Latino clients, the accommodation was usually in response to racial narratives of in-group desirability.

One warm Saturday afternoon, I waited with Jay—a White real estate agent active in Northside—to show a Northside home to an interested buyer. Jay began discussing the dynamics of race and real estate, illustrating how accommodation for home sellers works in practice:

> ...Really, *all* I care about is the color of your money. I've had people tell me, 'I don't want to live in this neighborhood,' 'Okay, [Jay thinking to himself] just don't tell me why.' I've had sellers who don't want certain people to show their home. And I ask why? 'Because of the way they look.'

While Jay expressed that his main concern was the 'color of money'—not the color of someone's skin—his clients did express concerns about who would be viewing their home and, thus, to prevent losing the client, Jay did not press the issue, allowing racialized preferences to enter into the real estate equation. During an in-depth interview with another 30-something White male real estate agent, Ted, this same dynamic emerged when I asked him about discrimination in the housing market:

> Ted: It was a client of ours…I honestly can't recall who it was or what it was, but they didn't want any black people to buy their house…. And I really, honestly don't remember, but I was like shocked when they said it. And I'm like, dude, they're bringing you money, they're paying for your house, what do you care? And I was thinking, like I've got several friends that could afford this house who just happen to be black.
>
> Author: So what do you say?
>
> Ted: I didn't say anything. I just moved on to the next subject…. I know I've got a client now who doesn't want to entertain offers from anybody from the Middle East…. he's like, you know, I'm not supporting any terrorist activity…. So…an Indian or an Arabian last name on it, he's like, well you know I'm not excited about this…. He's a good, red-blooded American. Yeah. He's not trying to be racist. I mean like, he is not trying to support terrorist activity. So anything that has to do with that part of the world, any inhabitants or people or population, keep it away. It's pretty funny.

Ted, like many other real estate agents, believed that the exchange was about a buyer bringing a seller money—but sellers cared about more than money, and their desires were explicitly racialized. Ted also explained that White sellers look at things like surname to determine a buyer's race and will refuse to even entertain offers if a buyer does not meet their racial criteria. Importantly, Ted did not attempt to dissuade his clients because he did not want to risk losing their business, and any future business they might bring him by referring him to others.

Accommodating explicit racial preferences to strengthen client relations also characterized interactions between real estate agents and home buyers. Betty, a 30-something White agent, described the ways her buying clients signaled their racialized preferences:

> So you know you definitely – we can't steer clients towards or away from areas. But you know, I definitely see in clients when I'm showing them properties in some areas that they think oh, you know, we love the look of this neighborhood, we love the location. You know we love the price and I'll go show them and, you know, they'll make comments like nobody here looks like me. And you know I think that's natural. I don't think that's necessarily a racist thing but…especially if you have kids, you know, if the kids are going to be going to the school where they're a minority that's hard.

Betty demonstrated that even if White buyers appreciated a property's appearance, its location, its price, and the look of the neighborhood, if they noticed another group was in the majority—and in particular if the client had children—they would not be as open to purchasing the property. Betty used her clients' comments about neighborhood racial composition to determine where else to show them properties—if the client signaled that they would feel uncomfortable living in a neighborhood as a minority, she would then show them properties in an area where they were in the majority. Betty's actions reflected the institutional pressure to build business through networks (including referrals from past clients and repeat customers).

The social network-driven nature of housing market business also pressured minority agents, who typically worked with minority clients, to oblige their clients' wishes to be around others like them, rather than avoiding other groups. Van, an Asian real estate agent, provided an example of how this process worked:

> I had a family that they're from Mexico. They did really well. They were ready to buy a house, but they wanted to be closer to a lot of other Mexicans because they want either the food or the restaurants or the shopping. Asians are like that, too. I helped [a] Vietnamese family that just came in from Vietnam. But he's been in Houston for five or six years—American citizen now. He just wanted to be around a lot of Asians, a lot of Vietnamese because he wants to be close to the shops and the restaurants.

These agents facilitated their clients' racialized wishes by finding neighborhoods where the client would be surrounded by others like them—not as an avoidance strategy of other groups, but rather as a strategy of in-group togetherness and proximity to cultural goods.

That home buyers and sellers have racialized residential preferences is not necessarily surprising (although the role of home sellers in the housing exchange process has perhaps been under-examined in prior studies). What is important to note, however, is that real estate agents accommodated their clients' explicit racialized preferences through showing them homes outside or inside preferred-race spaces as a means of conforming to and profiting from the institutional business model. This accommodation of explicitly racialized preferences provides insight into how consumer requests influence the reproduction of discrimination and, ultimately, segregation (Ondrich et al. 2003).

Second, the social network-driven business model encouraged real estate agents to *utilize discriminatory house-hunting strategies that incorporated assumed, or implied, racial preferences*. To keep their clients happy and the profits flowing, real estate agents promoted client comfort by driving around with or advising their clients to drive around at particular times of the day to check visual signals of neighborhood racial composition and by referring within racially homogenous networks to help facilitate race-matching between clients and neighborhoods.

Bethany, a 30-something White real estate agent, along with other agents, explained that instead of giving explicit racial information about the neighborhood when asked by her clients, she advised them to drive through the area to look for clues that would help them determine this information on their own. During my interview with her, Bethany explained:

> I had a couple on Saturday—we found a great house that met their…criteria…. I'm like, I'm not sure about the neighborhood, we can't say anything, because it's their housing—So, you have them drive around on a Saturday, see what they think …I'd recommend drive around after work one day, drive around on a Saturday—And…I said, 'If you saw it, and you still wanna move forward, we can buy the house. If you don't, you don't.' And, sure enough, she decided, 'I don't wanna live here.' It doesn't matter that the house met all of her needs…the quote-unquote diversity wasn't what she wanted…. I actually get that a lot…. People ask, 'Tell me about the people that live here,' and I…can't say anything. You just say, 'I would recommend driving around.'

Similarly, George, a 60-something White real estate agent, drove around in a car with his Indian clients until he realized what their neighborhood racial preferences were:

> Now literally I could lose my license if I said 'Oh are you Indian? Would you like to live by a bunch of Indians?' you know, I can't do that. Um but I did have a couple that we kept looking, kept looking, kept looking and we went to a four-way stop and every car was Indian and she went, this is our neighborhood. And I went oh, okay, I get it. [laughs] Hit me across the head.

While it required more time and work to determine and act on clients' implied or unstated racialized neighborhood preferences, agents believed that the strategy of driving around with or advising their clients to drive around with the goal of pinpointing racial 'fit' accomplished the main goal of satisfying the client and was thus considered a worthwhile pursuit.

Driving around to obtain and act on racial information was accompanied by the strategy of referring within racially-homogenous social networks on the part of agents, buyers, and sellers. When I asked James, a White agent and lender, how race may factor into the home-buying process, he responded,

> [Race] bears more on relationships and how things are talked about and how you select people. I think people tend to select somebody of their own racial identity [rather than] another group. Tend to refer within [their own group].

When I asked James to clarify what he meant by 'referring within,' he indicated that the selection of real estate agents and where to live happens within same-race relationships. Thus, to avoid the legal dance around racial steering, buyers and agents rely on insider racial status as an unspoken, network-based approach to choose race-congruent neighborhoods and homes (network race-matching also influences links between buyers and lenders via real estate agent referrals; cf. Korver-Glenn 2016; Stuart 2003).

Finally, the social network-driven real estate business model generated the conditions under which discriminatory impact became intertwined with racial residential preferences by supporting *widespread informal housing exchange in the sales and rental markets*.[4] Because real estate stakeholders' social networks were racially distinct, exchange that occurred informally through these networks and not through a formal, public exchange disproportionately excluded groups not fully represented in those networks. Social network-driven informal exchange occurred simultaneous to the formation of social networks through race-matching and in-group trust, streamlining the enactment of racial residential preferences in both informal and formal exchange processes.

One of the primary informal practices I encountered was *pocket listings*, or listings that agents and brokers keep 'in their pocket'—that is, not listed on the public Multiple Listing Service (MLS)—and distributed only to their personal and professional

[4] While the literature has highlighted how informal housing exchange processes influence the housing options of low-income Blacks and Whites (e.g. Desmond 2012) and of poor people in developing cities and countries around the world (e.g. Arnott 2008), informal processes also occurred frequently among middle- and upper-income Whites in my study, as well as among working- and middle-class Latinos.

networks. Pocket listings were particularly common among White real estate agents working with middle- and upper-class White clients selling or buying in White spaces, wishing to preserve privacy, test the market, and generate heightened psychological interest about 'exclusive' opportunities. And, importantly for this study, to the extent that White real estate agents' social networks are racially homogenous, pocket listings reflect disproportionate exclusion of other racial groups from accessing homes.

Michael, a White real estate agent I shadowed in the Heights, worked almost exclusively with White clients throughout the duration of my study. One day, we sat at a Heights coffee shop as Michael met two new clients and first-time home buyers. As Michael outlined the ways in which he would help the couple find their new home, he described the process this way:

> …we'll take you to look at all kinds of houses so we can figure out what you don't like. We'll also tell you which houses will be good for investment, with future new construction coming nearby. Additionally, we also get emails from agents with non-MLS listings that we can get a jumpstart on two weeks before they ever go on the market.

About a month later, when we met with yet another White couple (also first-time buyers), Michael again reassured his clients that he would have insider knowledge about non-public listings:

> I've worked in the area for 14 years, and I know the area really well – even before stuff comes on the market. We'll drive around and figure out what it is you don't and do like…. …There's a lot of stuff not on MLS and will never be on MLS, and we'll look all over.

Curious as to the extent to which Michael interacted with pocket listings in his day-to-day work, I asked him about the informal market one day as we sat down to eat lunch together. He replied, "In the areas we work in, very often. Last year, I had 100 properties, maybe even more, that came across my desk, but will never be listed in MLS."

Michael, who worked almost exclusively in the Heights and two other predominantly White, affluent urban Houston neighborhoods, regularly engaged with well-to-do clients who did not list their homes publicly. Because these exchanges were informal, it was impossible to accurately gauge the magnitude of their impact on the market and segregated space. However, while observing Jane at her office one day, she told me that a top-producing White Heights realtor had bragged to her that he had done $157 million in sales the previous year, $78 million of which had been off-the-books. Since White agents' networks were predominantly—almost exclusively—White, in many cases, minorities were disproportionately excluded from homes being sold in White spaces, contributing to segregation. On the other hand, Black and Latino agents, who typically had more racially-diverse networks than their White counterparts, were generally familiar with pocket listings but did not utilize them as frequently. They were much more invested in the MLS system, believing that sellers would obtain the best price for their home if it was listed publicly.

Another informal housing exchange practice, *securing tenants for rental property*, was embedded within social networks in the rental market. Of the 13 landlords I interviewed, one owned a large multi-family property and the remaining 12 owned one or more single family rental homes or small multi-family properties, like duplexes. Single-family and small multi-family rental properties are common in low-density Houston; for example, of the estimated 479,000 renter-occupied housing structures located in Houston metropolitan central cities, 27% are comprised of a single unit (AHS 2013; by comparison, in New York, about 6% of renter-occupied housing structures consist of a single unit). As well, only one of the landlords I interviewed regularly employed the services of a professional real estate agent in renting out their properties and only one other landlord marketed their rentals in a more public fashion—on the public exchange website Craigslist. The remaining landlords found their tenants via referrals from friends or outgoing tenants. In my study, this strategy was common among Black, Latino, and White landlords, and generally resulted in race-matching between landlords, tenants, and the neighborhoods in which they were embedded. Charity, a middle-aged Black landlord and resident of Fifth Ward, described how she found her tenant as we chatted at her kitchen table:

> Yeah. The guy that's renting the house is my son's barber…. So my son, he went to the gym…and his barber…was looking for a place to stay. I made a lease for like a year; a year's lease. And so he came and looked at it, and he has a son that goes to…Reagan [High School], in the Heights. And so—you know—it worked out fine.

Similar to Charity, Dave, a White 30-something landlord in the Heights, described the process through which he found and screened tenants for his garage apartment:

> [I] sent out an email to, uh, probably about 30 of our friends, saying, 'Hey this is the…studio apartment that we have…here are the dimensions, here's what we're looking for, the price,' you know. 'If you know someone that might be interested, let us know, and we'll chat with them and go from there.' …Um, the first time we had one person; we knew who she was, so we're like, hey, absolutely. Let's…do this. Second time, I think we interviewed three people…and my wife interviewed one of them, but was kind of unsure about her character, so we said no to her. And then happened on a friend who, um, we also kind of knew casually. And it just worked out. We're like, 'Hey, you sound like you'd be a great fit back here….'

As with pocket listings in the sales market, landlords' informal, social network-driven strategies for finding tenants can intertwine discriminatory impact and racial residential preferences by disproportionately excluding groups not fully represented within stakeholder networks and reinforcing landlords' within-group preferences.

The institutional model of generating business via social networks thus supports numerous real estate practices—accommodating explicit racial or racist narratives, crafting discriminatory strategies to act on assumed or implied racial preferences, and informal exchange—that, together, entwine preferences with discrimination and, ultimately, reinforce the spatial place-ment of race in cities.

2.5. Discussion and Conclusion

Through a careful analysis of the Houston housing market, the present research asked what institutional characteristics (those dynamic conditions that exist beyond and shape individual beliefs and behaviors) and associated practices support housing discrimination and racial residential preferences. My research shows that the housing market is typified by strong (perceived) economic and social-psychological pressures for real estate professionals and consumers. For example, real estate agents and lenders must rely almost exclusively on their social networks to generate business. This institutional characteristic thus encourages them to accommodate their clients' racialized neighborhood preferences and, indeed, to employ strategies that indirectly or directly meet their clients' racial expectations. Accommodation and other strategies occurred *regardless* of whether professionals agree with the racial notions of their clients because if clients are not satisfied, the agents (or lenders) not only lose, or think they will lose, the current client, but also any potential future clients the current client may eventually refer.

Within this institutional context, informal exchange combined discriminatory impact and racial preferences by channeling clients embedded in racially-distinct social networks to off-the-market properties. And, landlords—most of whom found and managed their own clients—often preferred to find tenants from within their own or their current or former tenants' racially-homogenous social networks, expressing a sense of 'trust' in these 'like' connections (see Smith 2010 for a review of particularized, in-group trust).

My findings also show that the lax regulatory context of housing development enabled developers to craft strategies that accommodated both what they perceived about racialized preferences and what they believed to be true about racialized economic realities. Indeed, they had no disincentive to do so and relied on their anecdotal experiences with White clients to inform their assumptions about where to invest. Preferring to be 'conservative' in their land acquisition and building strategies, developers avoided building in Black areas, concentrating their investments in already-White areas or areas they think are or soon will be attracting White buyers.

This work extends segregation theory through a critical race examination of the institutional characteristics and practices through which individual ideas and behaviors are formed and enacted, demonstrating that the "prejudice of individuals is not, and can never be, the basis for maintaining racial inequality" (Bonilla-Silva 2015:1361). Rather, individual biases and discriminatory behavior in the housing market are sustained by practices that flow from the regulatory context of housing development and the social network-driven business model. While not exhaustive, these two characteristics provide a window into the ways in which housing discrimination and racial residential preferences are entangled and contribute to the persistence of segregation in post-fair housing America (Ondrich et al. 2003).

The institutional mechanisms I have discussed here are not an exhaustive account of how characteristics of the housing market enable the entangling of racial residential preferences and discrimination on the ground level. Indeed, I found that HAR (‘Homes And Rentals,’ the Houston-area real estate board) also institutionalizes racial information by layering in nearby public school demographic information onto each property listing in its massive online database. This information included statistics on student race and ethnicity, economic disadvantage, and limited English proficiency (see Figure 2.5.1), in addition to measures of school quality, like the school performance index and academic distinction designations. Given the substantial body of work demonstrating that White parents use school racial composition as a major factor in determining where to send their children to school and where to purchase homes (e.g. Dougherty et al. 2009; Holme 2002; Langford and Wyckoff 2006), this institutional layering of racial knowledge could enable the implementation of Whites’ racialized residential preferences by giving home buyers immediate racial cues about the catchment area surrounding the home of interest. Future research should examine the ways in which institutionally-provided information is linked to homebuyer and real estate professional behavior.

Sherman Elementary School Student / Staff Statistics

Student Statistics

Ethnic Group	Number	Percent
African American	75	11.38 %
Hispanic	574	87.10 %
White	9	1.37 %
Asian	0	0.00 %
Native American	1	0.15 %
Two or More Races	0	0.00 %
Total Students	659	100.00%
Economically Disadvantaged	639	96.97 %
Limited English Proficiency	305	46.28 %

Program	Number	Percent
Bilingual	334	50.68 %
Gifted & Talented	60	9.10 %
Special Education	39	5.92 %
Teacher Student Ratio		18.80 S/T

Staff Statistics

Experience	Number	Percent
Over 20 years	2	5.71%
10 - 20 years	10	28.57%
6 - 10 years	9	25.71%
1- 5 years	12	34.29%
Beginning Teacher	2	5.71%
Teacher Experience Average	8.60 yrs	
Teacher Tenure Average	7.50 yrs	

Teacher Type	Number	Percent
Total Teachers	35	100.00%
Female Teachers	31	88.57%
Male Teachers	4	11.43%
School Admin	2	
School Support	2	
Edu Aids	4	
Special Education	1	

Figure 2.5.1 – Student and Staff Statistics for Sherman Elementary School (Northside home listing), via HAR.com.

My data also suggest further fruitful avenues for research. For example, I found evidence that informality and social networks also characterize the housing development industry. In all three original study neighborhoods, I encountered numerous handmade signs that stated, ‘We Buy Houses – Any Condition,’ followed by a local phone number. Bill, a developer informant who was also a licensed real estate agent, believed that these informal signs were signals of off-the-market transactions between local liaisons, investors, and developers that would become a “grass roots effort” to obtain land at a low cost to later sell high. Informality in the housing development industry such as Bill described could be an important way to interrogate how and why housing discrimination and racial residential preferences persist. Future research should explore these avenues of informality in housing exchange in *all* neighborhoods, regardless of race or class composition (see footnote 4). It is possible that these unregulated, off-the-books transactions have contributed a great deal to ongoing patterns of segregation, but we need to know more about how and why they occur.

In sum, while it may be true that segregation "in one form or another is here to stay" (Logan 2016:28), it is also true that examining perhaps taken-for-granted housing market characteristics and the practices supported by those characteristics will provide more insight into why racial residential preferences and discrimination persist. In turn, policy interventions targeted at the housing market conditions animating individual beliefs and behaviors should be more successful at interrupting the reproduction of segregated city space than existing attempts focusing on individually-oriented prejudice and discrimination.

Chapter 3

How Racial Formation and Inequality Happen in Urban Housing Markets

Racial discrimination and inequality in housing persist well after a battery of fair housing laws passed in the 1960s and 1970s (Galster and Godfrey 2005; Pearce 1979; Rugh, Albright, and Massey 2015). Yet we know surprisingly little about how and why. Why, for example, do real estate agents continue to steer clients racially? Why are Blacks less likely than Whites to receive prime-rate mortgages even when their credit and income are similar? The taken-for-granted answer—racial prejudice—begs the question of why people continue to be racially-biased and how this bias plays out in housing exchange processes despite numerous interventions meant to penalize such bias. To examine the mechanisms underlying these persistent forms of inequality, I argue that the content, or meaning, of racial categories within the context of the housing market, and how this meaning is constructed, should be prioritized. Though it is a construct, race communicates status and hierarchy through attaching inherence and value to bundled corporeal and social characteristics (Ridgeway 2014; Saperstein and Penner 2012; Saperstein, Penner, and Light 2013). Interrogating the content of racial classifications, as they manifest in and through the housing market, can illuminate how inequitable, race-based dispensing of resources in U.S. society continues to happen in the 21st century.

By engaging one of the most salient institutions for racial formation in the United States—the urban housing market—I seek to contribute to racial formation theory in three specific ways. First, drawing on prior sociological studies of institutions such as schools (Lewis 2003; Staiger 2004) and prisons (Walker 2016), I will demonstrate the process of racial formation in an institution that operates as a loose space, or field, rather than as an organization bound by a formal chain of command and housed within a building or set of buildings. The housing market as an institution consists of multiple series of interactions that are informed by different norms and structures, which accumulate throughout the process of housing exchange. These cumulative interactions, norms, and structures—even without a formal hierarchical organization—have important consequences for racial formation. I will demonstrate the utility of conceptualizing the housing market as an institution in this way through an in-depth ethnographic and interview-based case study of the residential real estate market in Houston, Texas—one of the largest, fastest-growing, and most racially and ethnically diverse cities in the United States. This part of the study will show how different real estate stakeholders connect to engage in race-making. It will also demonstrate how racial formation occurs, often unintentionally, as these connections accumulate and become regulated by various institutional norms, forms, and processes.

A second contribution to racial formation theory will be to build from this case study to examine how racial formation is linked to inequality. While such a link may seem obvious given that inequality is presumed to be inherent in racial projects, or "attempts to create meaning structures around racial categories and simultaneously organize resources according to those categories" (Walker 2016:1053), it is an ongoing, and underexplored, paradox that race as a fluid social construct can coexist with rigid inequality (Saperstein et al. 2013; Saperstein and Penner 2012). In the present study, I begin to address this gap by examining specific ways in which racial meaning directly connects to unequal outcomes, focusing on the widely-shared professional practices that repeatedly cycled between racial ideas and unequal opportunities or outcomes based on race.

Finally, building on both the cumulative nature of race-making in the housing market as well as links between meaning-making and inequality, I will address the 'why' question: Why, in the 21st century, do links between racial meaning and inequality persist, particularly in urban housing markets? I answer this question by bracketing reductionist explanations of racial prejudice and developing an institutionally attuned account that draws from and extends Tilly's (1998) insights on the work of social categories in perpetuating durable inequalities.

Below, I organize my study according to these three contributions. First, I develop my conceptualization of the housing market, paying close attention to how my conceptualization parallels and diverges from similar approaches focusing on education and incarceration. Next I report findings from my empirical case study to demonstrate and refine core claims. I then show how racial formation is linked to inequality and, finally, address why links between racial meaning and inequality persist. Finally, I conclude by discussing the implications of my findings for racial formation theory and housing inequality.

3.1. Racial Formation and the Urban Housing Market as an Institution

The social construction of race, or racial formation, is the process by which racial categories are created, experienced, changed, applied, or destroyed over time through the collective practices of attaching hierarchical meaning to human physiological and social difference (Omi and Winant 2014; Saperstein et al. 2013). Sociological studies on racial formation have often highlighted how macro level representations of race (e.g. census categories) and micro level interpretations of race (e.g. racial beliefs or prejudice) create and maintain the meaning, or content, attached to racial categories (Bailey 2008; Frederickson 2002). But gaps remain in understanding racial formation from an institutional, or meso-level, perspective; and, as Saperstein et al. (2013) argue, it is critical to fill these gaps as institutions are the sites where macro and micro level formation processes coincide. That is, institutions do the work of 'structuring' macro and micro racial projects (Omi and Winant 2014; Saperstein et al. 2013). A meso-level approach illuminates how important social settings like schools (e.g. Lewis 2003) and prisons (e.g. Walker 2016) are spaces operating at the crossroads of structures (e.g. state-mandated curricula) and interactions (e.g. parent-teacher meetings) that shape how different racial groups are viewed and treated in practice by ordinary people in everyday exchanges. Institutions, in other words, are where "'racial projects'…are forced to contend with entrenched bureaucracy, institutional inertia, and the everyday grind of hiring workers, teaching students, judging cases, or diagnosing patients" (Saperstein et al. 2013: 367).

To develop this line of investigation, Lewis (2003) examined the formation of racial meaning in three different public school contexts, showing that while the 'lessons' of race were often implicit, children and their parents acquired these lessons through a variety of educational experiences, school curricula, and interactions with school staff—all while parents and teachers were deeply entrenched in the everyday labor of getting children to school, managing classrooms, and facilitating learning experiences. In other words, schools were the organizational intersections where structures such as state-mandated curricula and interactions like parent-teacher meetings influenced the racial views and practices of a variety of stakeholders.

Similarly, Walker (2016) examined racial formation processes in a penal institution. He found two racial projects—one institutional and one micro-interactional—operating reciprocally within a broader rationale of risk management. These two projects legitimized one another as they organized the jail along racial lines, even while inmates did not 'naturally' organize themselves in this way. In addition to functioning as a risk management strategy, racial projects decreased inmates' quality of life, as their behavior was continually policed in more racialized prison housing units.

These and other institutionally-informed racial formation studies, though limited in number, tend to focus on institutions that are bounded by formally-organized administrative hierarchies and by a shared physical space. Schools, comprised of a building or set of buildings housing classrooms and offices in which teachers and students interact every day, are run by principals who provide direction to teachers and other staff and who answer to school districts and administrations. Likewise, prisons consist of a building or set of buildings that house jail cells and offices in which guards and inmates interact on a daily basis. Prisons are run by wardens who provide direction to guards and other staff, and are subordinate to the demands of the criminal justice system. In other words, what we know about race-making at the meso-level has come, in large part, via case studies of institutions where interactions between particular groups of stakeholders are *required* and arranged by directives through an established chain of command. Yet there are numerous institutions that do not conform to one or both of these characteristics: labor, consumer, and housing markets, for example, as well as social movement organizations and civic associations.

Given their centrality to social life, it is thus imperative to examine how race-making occurs in such institutions where stakeholders are not required to interact within the same physical space with roughly the same people on a daily basis. For example, the housing market—arguably one of the most important institutions in the United States due to the frequency with which most Americans experience it and the high stakes associated with obtaining housing—is not constrained by any one physical space, though it is comprised of transactions for particular physical spaces (homes) (Bourdieu 2005). Instead, housing market stakeholders, including real estate agents, developers, builders, lenders, appraisers, home buyers, home sellers, landlords, renters, neighborhood association affiliates, and so on, come together more loosely. They are not required to interact on a daily or consistent basis, nor are they all arranged under a roughly unified, formalized chain of command. Yet, the urban housing market remains a central institution in and through which processes of race-making can unfold.

Classic characterizations of urban housing markets as an institution have emphasized its ‘top-down’ nature, organized by real estate boards, land-based elites, and local governments who together form pro-growth coalitions to further their economic interests and shape urban space (Hoyt 1933; Molotch 1976). Yet while real estate board-driven, pro-growth politics may influence big-picture shifts in housing (de)regulation and landholder profits, local, average housing market professionals and consumers are not governed directly by these politics in everyday practice. In contrast to schools, prisons, and other similarly-organized institutions, interactions in the housing market are embedded within individually-interpreted federal guidelines and various—and sometimes competing—sets of institutional norms rather than within an overarching, formalized hierarchy. Thus, an additional ‘bottom-up’ approach to urban housing markets in needed, one that conceptualizes the institution as also being composed of interactions among multiple, varied stakeholders involved in housing exchange. Such an approach can better illuminate how ordinary interactions affect racial views and practices within housing transactions.

In advancing this approach, I will demonstrate and examine the specific ways racial formation processes are linked to inequality (Saperstein and Penner 2012; Saperstein et al. 2013). In the top-down conceptualization of the housing market, the production of inequality is largely a function of structural, elite-oriented manipulation of urban land and markets. Yet inequality is also reproduced by otherwise ordinary housing market stakeholders, such as landlords in Desmond’s (2016) *Evicted* and middle-class neighborhood newcomers in Pattillo's (2008) *Black on the Block*. Foregrounding the bottom-up conceptualization of the housing market will produce a clearer picture of how race-making and inequality co-occur as features of regular housing transactions that involve both professionals and consumers. It will also illuminate how interactional flows across the sub-processes of housing exchange contribute to the social construction of economic value and price (Besbris 2016; Fourcade 2011)—specifically regarding the relationship between race and home values.

A final goal of the study is to explore *why* racial formation occurs in a loosely-arranged institution in which stakeholders are not required—and do not—interact on a daily or consistent basis and, further, why race-making is persistently linked to inequality. Prior work has argued that racial ideologies, narratives, and projects are rationalizations of racial inequality (Bonilla-Silva 2006; Lewis 2004), and that these narratives or meaning structures are consistent with the dominant group's experience (Jackman 1994; Lewis 2004). But this line of reasoning does not fully explain why race-making occurs outside of or prior to contexts in which rationalizations of inequality are salient. Walker (2016:1073), for example, found that race was "not the natural lightning rod it [was] purported to be, and inmates [were] not inclined to organize themselves according to race." Though more racialized spaces did produce more inequality in the prison, it remains unclear why race and not another classification system was used initially in service to prison 'risk management', particularly since race was not how inmates naturally organized themselves.

In order to illuminate why racial formation occurs across housing market interactions, norms, and processes in and across transactions in which inequality was not (necessarily) salient, I employ Tilly's (1998) conceptualization of durable inequality. Specifically, I highlight Tilly's (1998) argument that categorical inequality—produced as people resolve organizational challenges through creating disparate access to valued outcomes—becomes durable because it is useful. I argue that in the absence of a formal chain of command, a shared physical space, and regular interactions with the same people, race-making becomes the readily-available mechanism by which unequal access to valued outcomes (homes, wealth, schools, status, socioeconomic mobility) is established. Race-making guides the cumulative stages of decision-making and encountering of unknowns that housing market stakeholders navigate as they interact with those outside their sphere of influence. Decision-making and encountering of unknowns can happen within their specific industry (e.g. a real estate agent interacting with a previously-unknown real estate agent, or a home-buying client to whom they were referred) and across industries (e.g. a real estate agent interacting with a mortgage lender acquaintance). In an institution like the housing market, racial formation *is* the chain of command and the unifying non-physical structure.

3.2. The Empirical Case Study: Design and Implementation

To investigate the urban housing market as an institution, the study examines its operation via sales and, secondarily, rentals across different housing market areas, or neighborhoods, within the same city simultaneously.[1] For this work, I pursued a mixed-methods research design across three different urban Houston neighborhoods over the course of one year (February 2015-February 2016).

3.2.1. Subareas of Study: Houston's Fifth Ward, Heights, and Northside Neighborhoods

Analyses come from Houston, Texas—America's fourth-largest city and most ethnically-diverse large metropolitan area (Emerson et al. 2012). Houston is an ideal case for examining the institutional dynamics of urban housing markets because it is a development-oriented and relatively unregulated city, and thus real estate 'action' is intense and ongoing (Feagin 1988; Logan and Molotch 1987; Peterson 1981). Houston is also an ideal case for examining the dynamics of racial formation among Blacks, Latinos, and Whites because it contains many neighborhoods that are predominantly and historically Black, Latino, and White. It is particularly suitable for understanding the meaning and implications of the Hispanic/Latino category and identity because immigrants from Mexico and Central America span generations. Thus, there are many

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[1] Examining different subareas of a city's housing market during the same period helps minimize effects of confounding factors on analysis, such as broad changes in the local urban economy. For example, as the study began, oil prices dropped precipitously, eventually trickling down to reduce house values and increase time of properties on the market. Because all neighborhoods in my study experienced this change at the same time, this factor is effectively held constant, rendering neighborhood assessments more comparable. Ultimately, however, the aim is not to conduct a formal comparative analysis but rather to use different neighborhoods, or subareas, to capture the full range of race-making practices and processes in operation.

second-, third-, and fourth-generation Mexican and Central American residents in addition to newly arrived immigrants (De León 2001; Esparza 2011; Rodríguez 1987).

While local housing markets are not synonymous with neighborhoods, prior research has indicated that the market as whole manifests in and through local areas (Gotham 2002). Thus, I selected three racially distinct Houston neighborhoods as initial starting points for data collection to ensure broad empirical coverage of racial formation dynamics in a variety of housing market settings. These neighborhoods—Fifth Ward, Heights, and Northside—have many similarities, but also important differences (see Figure 3.2.1.1 for a map of these areas). Each neighborhood is approximately equidistant to Houston's downtown, or central business district (CBD), and has roughly equal access to major freeways—an important feature given Houston's car-oriented transportation system (Feagin 1988). Fifth Ward, Heights, and Northside are also among Houston's oldest neighborhoods, and each experienced periods of significant decline in the second half of the 20th century. However, over the past 20 years, these neighborhoods have diverged in terms of socioeconomic status (see Table 3.2.1.1 for a summary of neighborhood demographics), and historic racial status continues to influence contemporary dynamics. Yet the data I collected in my fieldwork and interviews strongly suggests that real estate stakeholders did not conceptualize their work and understandings of race in terms of these three neighborhoods alone. In fact, in all cases, informants and respondents were active in multiple Houston neighborhoods and their conceptions of race were not limited to the three neighborhoods in which I began my study.

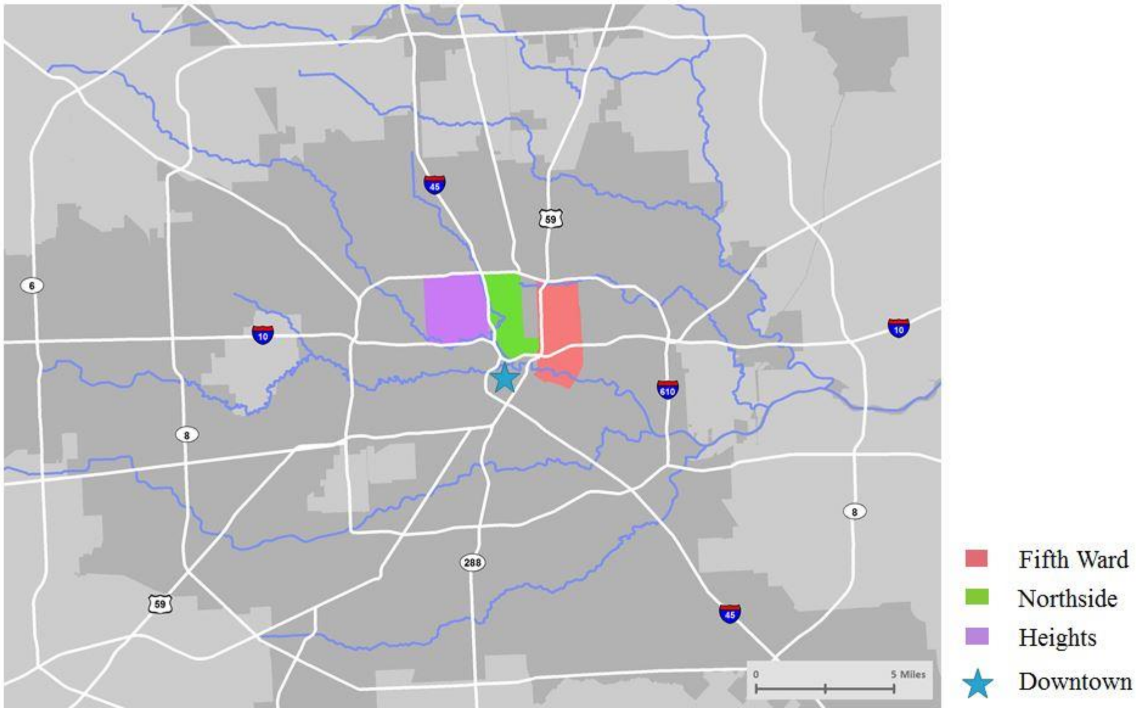

Figure 3.2.1.1 - Map of Houston Highlighting Study Area.

	Fifth Ward	Heights	Northside	Houston
Total Population (n)	23,504	33,783	24,766	2,136,166
Hispanic/Latino (%)	39.38	34.19	81.24	43.9
Black alone (%)	57.59	2.13	10.64	22.8
Non-Hispanic White (%)	3.54	58.77	7.34	25.5
Housing units owner-occupied (%)	37.15	58.3	42.98	44.54
Over-25 adults with GED/high school diploma or above (%)	62.49	86.3	56.48	75.87
Over-25 adults with bachelor's degree or higher (%)	9.71	54.81	8.72	29.8

†Note: Population estimates are from the American Community Survey 2014 5-year estimates.

Table 3.2.1.1 – Neighborhood and City Demographic Characteristics.

3.2.2. Data Collection

To examine process, I used ethnographic 'go-alongs', which combine participant observation with intentional, detailed questions of informants (Kusenbach 2003). I completed a total of 118 go-alongs with 13 different real estate agents and developers during my year of field research, taking detailed field notes for each interaction (see Table 3.2.2.1 for an overview of informants). Importantly, my expectation was that real estate work would branch out from the three neighborhoods I used as a platform to enter the field and across the city, and indeed that is what happened. Go-alongs with these 13 informants also included numerous in-the-field interactions with home buyers, home sellers, investors, landlords, construction workers, lenders, and other real estate agents and developers, in Fifth Ward, Heights, and Northside, as well as in several other areas of the city (e.g. East Downtown, Montrose, Timbergrove, Downtown). I recruited real estate agents with multiple listings in each study neighborhood by attending open houses and using other forms of direct contact (email, phone) and I recruited developers through attending open houses and asking for recommendations from real estate agents. All informants were offered a $100 gift card for their participation in the study. In addition to go-alongs, I was a participant observer at more than 50 open houses. I took detailed field notes at open houses, including descriptions of my informal interactions with real estate agents and the demographic characteristics of other attendees. I wrote memos regularly to reflect on emergent observations and included memos as well as field notes in my analysis.

	Occupation	Race
Fifth Ward		
Melissa	Real estate agent	Black
Chase	Real estate agent	White
Sharon	Developer	Black
Pablo	Developer	Latino
Ramon†	Developer-Real estate agent	Latino
Heights		
Jane	Real estate agent	White
Michael	Real estate agent	White
Tom	Developer	White
Luis	Developer-Real estate agent	Latino
Jim†	Developer-Real estate agent	Latino
Northside		
Kevin	Real estate agent	Black
Cora	Real estate agent	Latina
Jay	Real estate agent	White
Jim†	Developer-Real estate agent	Latino
Ramon†	Developer-Real estate agent	Latino

†Note: Indicates substantial activity in two of the three research neighborhood sites. All informants were active in multiple Houston-area neighborhoods.

Table 3.2.2.1 – Informant Pseudonym, Occupation, and Race

To further probe field observations and test emerging ideas across numerous stakeholders, I employed semi-structured in-depth interviews with real estate stakeholders in a variety of roles until saturation was reached among each subset of interviewees (Small 2009). The interview guide was comprised of two batteries of questions: first, general questions about their involvement in and understanding of the housing market and, second, questions asking respondents to explain their perceptions of how race was related to the housing market. Many respondents placed the housing market and race in relation to each other within the first set of questions, prior to the introduction of race-specific questions. I interviewed a total of 102 real estate stakeholders, including: real estate agents, developers, lenders, appraisers, escrow officers, neighborhood association affiliates, landlords, renters, home sellers, and home buyers. Real estate agents, developers, neighborhood association affiliates, landlords, renters, home sellers, and home buyers were recruited via participant observation at open houses and civic club meetings as well as through purposive sampling. Early on in field work, I observed that real estate agents frequently kept short lists of lenders to whom they referred their clients, and that clients often used these recommendations. Agents also tended to work with the same small number of title companies. Thus, lenders, appraisers, and escrow officers were recruited for interviews using social network-driven sampling, in which agents were asked for lists of lenders and escrow officers they recommend most frequently, and lenders were then asked for lists of appraisal management companies they used most often in the neighborhoods of study. Similarly to informants, respondents were active across the Houston area in addition to their work in the three initial neighborhoods. I interviewed respondents in places most convenient to them on the day of the interview, criss-crossing a total of 25 Houston-area ZIP codes through the year of interviews. All respondents were offered a $25 gift card for their participation in the study. Interviews were completed during the same period as the field research. Table 3.2.2.2 outlines the demographic composition of study respondents. All interviews were professionally transcribed, then checked for accuracy by the author. Informant and respondent names have been changed throughout to protect participant confidentiality.

Sex	
Female	48
Male	54
Race	
Asian	5
Black	16
Latino	24
Multiracial	2
White	55
Average Age	47
Real Estate Role	
Real Estate Agent	37
Developer-Builder	8
Lender	10
Title/Escrow Officer	6
Appraiser	7
Neighborhood Association Affiliate	10
Home Buyer	8
Home Seller	4
Landlord	13
Renter	11
Total	102†

†Note: The total number of individual real estate stakeholders interviewed was 102. However, several respondents occupied two stakeholder positions; for example, developers who were also real estate agents. Thus, when adding the number of real estate 'roles', the total is 114.

Table 3.2.2.2 – Respondent Demographics.

To code and analyze my data, I used an abductive approach, allowing themes and patterns uncovered in prior research to inform my coding while also looking for ways in which my data diverged from prior work as I read and re-read through all field note, memo, and interview data (Desmond 2012; Timmermans and Tavory 2012). I used Atlas.TI to help organize and theorize relationships among my codes.

3.2.3. Racial Meaning: Used and Reproduced

While my analysis revealed some variation in how real estate stakeholders conducted business and how housing transactions were accomplished, the racial meaning Asian, Black, Latino, and White stakeholders used throughout their housing-related interactions was very consistent. That is, while there were some 'exceptions' to broader patterns of meaning, in general, race-making in the housing market consisted of using and reproducing a set of commonly-shared, reliable meanings within and across the sub-processes of housing exchange. The race-making I observed was, therefore, most closely related to the *application* of existing meaning, rather than the creation or destruction of racial meaning (Omi and Winant 1994).

Table 3.2.3.1 provides an overview of racial meaning for three major categories of meaning as interpreted and deployed by real estate stakeholders throughout my study; asterisks denote meanings that were uncommon or held primarily by one group, but present nonetheless. I provide this overview of meaning here because the central contribution of the present study is not what these meanings are, per se, but *how* they are used and reproduced through successive institutional interactions, structures, and practices, which I engage more fully below. But, in terms of general content summarized in Table 3.2.3.1, positive and neutral racial meanings emerged when respondents linked racial groups with family or skin color; negative meanings emerged when racial groups were linked to perceived moral or cultural failures, like being dangerous (Black), undocumented (Latino), or privileged (White); and monetized meanings emerged when racial groups were connected to (lack of) finances or financial literacy. Monetized meaning could overlap with negative or positive meaning.

These meanings did not just occur amorphously, as respondents provided me with their own private interpretations of different race groups. Rather, they were woven throughout the concrete, cumulative sub-processes of housing exchange that included individuals as well as institutional norms in which they were embedded. In the next section, I demonstrate how race-making occurred in this way by walking through two components of housing exchange: generating real estate business and selling a home.

	Positive or Neutral Meaning	Negative Meaning	Monetized Meaning	Notes
Race Group				
Black	Family-oriented* Rich history* Dark/'black' skin	Unsafe or dangerous Undesirable as neighbors	Working-class or lower-income Occupationally inferior to Whites Financially unstable and not knowledgeable about US financial system	Positive meanings were ascribed primarily by Black respondents
Latino	Family-centered Hardworking Mexican or South American origin 'Brown' skin	Spanish-speaking 'Ethnic' (sur)names Undocumented/Immigrant	Working-class or lower-income Occupationally inferior to Whites Financially stable but not knowledgeable or trusting of US financial system* Financially unstable and not knowledgeable or trusting of US financial system	Latinos were alternately viewed as financially stable, with lots of cash to spend, *or* as financially unstable.
White	'Hip' lifestyle Distinct architectural preferences* Light/'white' skin	Privileged A-cultural	Affluent or middle-class Occupationally superior to Blacks and Latinos Financially stable and knowledgeable about US financial system	Negative meanings were ascribed primarily by Black, and sometimes Latino, respondents.

Table 3.2.3.1 – Ascribed Racial Meanings.

3.3. Racial Formation and Generating Real Estate Business

Prior to listing a unit for sale or helping a buyer purchase a home, real estate agents must first find sellers and buyers willing to retain them. In my study, to find their clients, new real estate agents generally relied on a variety of marketing techniques, including mailers and Facebook pages. The most common and oft-used strategy by far was to rely on one's social sphere of influence (SOI, hereafter). New real estate agents often began their business by creating a list of people within their SOI, contacting them to let them know they were real estate agents and offering their services. The SOI technique incorporated email, Facebook, and other means of communication to contact friends, acquaintances, and other contacts, especially former clients. Established real estate agents relied almost exclusively on their SOI to generate business. Whether new or established, real estate agents—almost without exception—found that it was the people within their own personal social networks, referrals from their networks to others outside their networks, and repeat business that accounted for the majority of their business. Almost all of the agents I interviewed or shadowed reported that at least 50% of their business came through referrals or repeat business, and over half reported that at least 70% of their business came through referrals or repeats. Additionally, during interviews, I asked agents to estimate the racial composition of their clientele and, during fieldwork, I observed the racial composition of agents' clientele. White real estate agents had almost exclusively White networks, while Black and Latino agents had a more racially-diverse clientele.

For the SOI system of referrals and repeats to work, agents had to build trust with their clients. One of the ways this occurred was through agents sharing and/or acting on their clients' conceptions of race—whether positive, neutral, negative, or monetized—in the housing exchange process. Real estate agents knew it was unethical and illegal to explicitly steer their clients racially or act on clients' explicit racial preferences, yet it is their business to keep clients and close transactions successfully. They knew that keeping the client happy would make them successful in the long run since a happy client would not only keep working with them but also bring them other potential clients. So, agents counseled their clients by finding non-explicit ways to signal race and race meaning as clients looked to buy or sell.

In an interview with a young, 20-something White agent, Brittany, the dynamic of negotiating racial meaning and building trust with clients became apparent. She explained:

> Brittany: …as diverse as Houston is, there's still a lot of close-minded…people. [Chuckles] Maybe…they look around, they look at the cars, they look at the kind of people. Yeah…people look at the cars, they look at everything. So, any kind of signal that whatever they're looking for… they're gonna use that…. I had…a mother the other day, ask me…if…the condo management was…a certain ethnicity, because she has had bad experiences with that, and she does not want her daughter buying a condo, if the management company was—…They ended up not buying it…
>
> Author: Well, how do you respond to people like that? …how do you…navigate questions like that?
>
> Brittany: Um, you just—you know, the World Wide Web is—[chuckles] our best friend, Google. Um, I can give them the listing—I can actually give them facts: …the name of the management company; 'Here are the HOA docs.' ...Um, I can just point them in the right direction…. You get on the police website, you can find out crime statistics….Or, you know—'My husband and I live down the street—we like living here.' So, yeah…you encounter it a lot…. A whole lot. And you have to be very careful.

From pulling on economic status symbols like the types of cars used by different races—who were viewed as virtually synonymous with working-class or lower-income people—to how people look, to signaling her own White race and ability to afford living in a White, affluent neighborhood, Brittany—and her White clients—relied on a variety of racial meanings to help their clients find the 'right' place to purchase a home. Other White real estate agents told me that they had White sellers who did not want to sell to Blacks, for example, because they assumed this would mean a decrease in property value for their White neighbors. One White real estate agent had a client who refused to sell his home to a Middle-Eastern buyer because he did not want to "support terrorists." These acts of cuing and signaling racial meaning were crucial to the process of building and maintaining trust between agents and their clients and, simultaneously, attached racial constructs to value constructs.

Asian, Black, and Latino agents also enabled their clients' perceived racial preferences in order to keep them satisfied, though this was far less salient to their business practices than it was for White agents. However, minority agents' client racial preferences and the meanings attached to them tended to be positive and rarely signaled a desire to avoid particular groups. These agents described racial meaning in terms of where Asians, Blacks, and Latinos wanted to live to be able to access family and cultural wares like food. For example:

> You end up showing homes to people in areas that they've chosen; so once again, people still want to live close to people that kind of think and feel and kind of the same energy that they do.

Similarly, another agent explained:

> …we let a person choose their own subdivision or community, where they want to live. The only thing we do is find the houses in that area.

This sentiment was echoed and explained in more detail by two more agents:

> They want their own people. …And that's the way I feel…. Honestly speaking you want to stay around your people… If they're Hispanic, I'm Hispanic, and we speak the same language…they can help each other out. If they're black, they're black. They're similar habits.
>
> I had a family that they're from Mexico. They did really well. They were ready to buy a house, but they wanted to be closer to a lot of other Mexicans because they want either the food or the restaurants or the shopping. Asians are like that, too. I helped [a] Vietnamese family that just came in from Vietnam. But he's been in Houston for five or six years—American citizen now. He just wanted to be around a lot of Asians, a lot of Vietnamese because he wants to be close to the shops and the restaurants.

Given what we know about neighborhood racial preferences (cf. Emerson, Chai, and Yancey 2001; Krysan, Crowder, and Bader 2014; Lewis, Emerson, and Klineberg 2011), that home buyers had racialized preferences and that in-group and out-group preferences play out differently across groups is not surprising. What is important to note, however, is that real estate agents *built their businesses* by capitalizing and acting on these preferences, reinforcing the perceived links between physical appearance, cultural values, linguistic cues, and home-buying behaviors. Race was a common currency used to build trust and, simultaneously, build business.

Generating business via referrals and repeat business diffuses across the residential real estate industry: lenders and escrow officers, too, rely on referrals and repeat business—particularly business brought to them by real estate agents. It was common practice for agents to provide their clients with a list of preferred local lenders and to choose title companies and escrow officers with whom they had established relationships to close deals. Developers, particularly those that did not outsource the sale of their homes to outside real estate agents (instead using their own real estate license or an in-house agent) also sometimes distributed lists of preferred lenders to potential home buyers. And, the racial meanings woven throughout generating and maintaining a client base for agents were also embedded in building lending and development business.

During a visit to a local lender with Sharon's associate[2], the lender, a middle-aged Black female, Lucy, described how she used to think that working with and marketing to Hispanics would be a profitable way to generate business, but that she no longer pursues that strategy. As we sat in her office, located in a regional bank in a Latino neighborhood near Fifth Ward, Lucy explained her transitioning strategy for generating business, resting her hand on a lending form for non-U.S. citizens:

> In a [Hispanic] community as this, they have the money quite often, it's just documenting the money and making sure they have the different forms of ID. They often don't *want* a 30-year loan. They want a 15-year loan. They *want* to put 20-25% down. But they can't do FHA because you have to have a social [security number] for that…. When I started out, I just thought I was going to have tons of business because I'm going to market to everyone. But for every 10 I'd help, I'd maybe get three [complete the process]. There's just always a disconnect. They just don't get it!

Lucy relied on common understandings of 'Latino' as (undocumented) immigrant, with lots of cash to spend but little knowledge of—or attempt to understand—the U.S. banking and lending industry. Her perceptions of what Latino meant affected her marketing strategies—no longer would she market her lending products to a clientele she viewed as unprofitable in the long-term.

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[2] Sharon was a developer-informant in Fifth Ward (see Table 3.2.2.1).

Developers also generated business by relying on a variety of racial meanings. They made economic decisions—land acquisition, land holding ('holding' land by keeping it vacant or renting it to tenants rather than building immediately), and building—based on their understandings of different groups. Brad, a White developer and real estate agent in the Heights, explained the rationale of how buying land for development was tied to race and perceptions of racial meaning (emphasis added):

> Brad: …[Northside]'s a working-class, Hispanic neighborhood—…You know, you can get a deal…. But, um, you know, the truth is…there's too much low-income to push out right now…. You can build pieces, you know? And parts. But you can't change the culture in the neighborhood, really, anymore—…**I'm too conservative to build anything nice in there**.… the white people will move into a Mexican neighborhood. They will not move into a black neighborhood. Straight up, it never happens. Um, white people can assimilate with Mexicans because they generally are family-oriented—They generally are religious—…they're hard-working. …So you can relate to them. …you can generally get along with them….
>
> Author: …why won't white people move into a black neighborhood?
>
> Brad: Because…it's too—too much of a cultural difference. Um, it's…not safe, generally. Um, they are generally, you know, single parents raising kids that are crazy—Because they're just wild animals. **I'm just telling you what people—This is perception.** Um, and black people…culturally, they're really tight—And so, they're not gonna assimilate very well with…white people. White people…need to feel safe. Mexicans, on the other hand, they could move into a black neighborhood, and…kind of stick with their own…and not really care.

Brad, along with other developers and builders in my study, made economic decisions about where to invest in land based not only on their *own* perceptions of racial groups but also on their perceptions of *others'* understandings of racial meaning. For them, the 'sure bet' was to buy land and build in areas where Whites—those presumed to have the most money—would demand: not in Black neighborhoods, possibly in Latino neighborhoods, and definitely in White neighborhoods.

3.4. Racial Formation and Selling a House

Other housing transactions—renting, buying, or selling, for example—are dependent on how real estate stakeholders build their businesses. For example, once a homeowner has retained a real estate agent to list their home, a number of other sub-processes are put into motion, such as marketing the home, finding a buyer whose mortgage will be approved, assessing home value, and so on. Or, once a developer decides to invest in a particular area, lots must be acquired, nearby comparable sales analyzed, home plans drawn, contractors and sub-contractors hired, and the home built, marketed, and sold. In other words, the means of generating business—in this case via race-making—'unlocks' additional sub-processes in which racial meaning can also emerge. Here, I will trace links between racial meaning and related sub-processes of selling a home. I will highlight how macro-level representations of race (e.g. federally-mandated racial categories on lending forms), institutional race norms (e.g. racially-homogenous housing market areas), and individual interpretations of race accumulated across the home sale process, working together towards the final goal of closing the deal.

3.4.1. Marketing a House for Sale

When a client decided to list their home for sale by employing the services of a real estate agent or broker, the first major step was usually listing the unit for sale on the local Multiple Listing Service (MLS). Other minor steps—depending on the list price of the home and the personal preferences of the listing agent—included staging the home and taking professional photographs. In Houston, the MLS is called 'HAR' ('Homes And

Rentals'), and all MLS listings appear on HAR's website, HAR.com. When agents used the MLS interface to list a home, individual homes were assigned to HAR-drawn 'Market Areas.'[3] There were 98 market areas within or overlapping the City of Houston during the research period. Of these, a majority racial group existed in 70. *Fifty* of the 70 majority-race market areas were majority White—a disproportionately high number given that only 31% of the population within the encompassing area is White. Indeed, if the 70 majority-race market areas were apportioned representatively on the basis of the city's racial demographics, only 21 HAR market areas would be majority White, or 2.4 times less than what was actually observed (50/21). By contrast, the 16 majority-Hispanic market areas and 4 majority-Black areas are under-representations, given the total area is 41% Hispanic and 20% Black. Given these percentages, we would expect 29 majority-Hispanic areas and 14 majority-Black areas, or nearly 2 to 3 times what is observed, respectively. This over-representation of White-dominant and under-representation of Black- and Hispanic-dominant HAR market areas indicates greater marketing specialization of White areas, even relative to high-income spaces. (See Table 3.4.1.1 for a summary of Market Area race and income characteristics).

This racialized specialization of market areas is an institutionalized key to HAR's overall business strategy. One day, as Chase—a White real estate agent informant active in Fifth Ward—showed me the process of loading a residential listing to the online HAR MLS system, he explained,

[3] Due to copyright restrictions, I could not reproduce the HAR Market Area map in this manuscript. As of this writing, it is available online at http://web.har.com/mlsareamap.html.

> People used to fudge when they were putting in the area on the listing. If the listing was actually in, say 24 [pointing to map on computer screen], but no one wants to live in 24, but maybe it's next to 23, well then they would put 23 just to get someone to look at the listing and maybe get them hooked. But then HAR started policing that. Then they came out with the Geo Market Area, which are smaller areas, about two years ago. It's much more specific.

HAR did not—and legally could not—provide the racial or social class composition of market areas on its website. However, it *did* police the boundaries of its institutionally-drafted and imposed market areas—which carved up urban space in such a way as to reinforce racial homogeneity and specialization of White spaces in a heterogeneous city—and prohibited real estate agents from tinkering with market area boundaries and, thus, spatial manifestations of social difference or similarity. Additionally, HAR's consumer interface layered in individual properties' local school and school zone data, which *did* contain demographic information, such as school racial composition, the percent of students that were economically disadvantaged, and the percent of students that were 'limited English proficiency.' Thus, even if a potential home buyer were unfamiliar with a particular neighborhood's demographics, they could access this information via HAR by searching the schools to which units were zoned.[4]

---

[4] Although the Houston Independent School District is a school-choice district -- meaning that families can theoretically choose which school their child attends -- agents, developers, appraisers, lenders, home buyers, and home sellers repeatedly told me that school zoning still mattered in terms of home value and demand, especially if the desired school waiting list was too long or the school lottery did not work out, and the zoned school had to be used.

	N
Majority Black	4
Majority Black and Majority High-Income Households (>$100,000)	0
Majority Black and at least 30% of Families Below Poverty Level	1
Majority Hispanic	16
Majority Hispanic and Majority High-Income Households (>$100,000)	1
Majority Hispanic and at least 30% of Families Below Poverty Level	5
Majority Non-Hispanic White	50
Majority Non-Hispanic White and Majority High-Income Households (>$100,000)	14
Majority Non-Hispanic White and at least 30% of Families Below Poverty Level	0
Total Market Areas with Racial Majority	70
Total Market Areas with No Racial Majority	28
Total Market Areas	98

Note: Demographic data were layered onto the market areas using ArcGIS software and 2010 Census (blocks) and 2010-2014 ACS 5-year estimates (block groups).

Table 3.4.1.1 – HAR Market Area Characteristics for Market Areas Internal to or Overlapping the City of Houston.

Once a home was listed for sale, listing agents marketed it by holding open houses, creating brochures or flyers to leave in portable plastic boxes at the property, putting a ‘For Sale’ sign in the yard, emailing the listing to other agents and brokers within their professional networks, or emailing the listing to those on their SOI list. The extent to which agents engaged in these marketing activities varied and depended on the list price of the home—the higher the price point, the more marketing time and dollars agents spent on ‘selling’ the property. Since agents received a percent-based commission from the sale of the home (unlike appraisers, who are typically paid a flat fee), there was much more incentive to list, market, and sell homes in areas with higher price points (see also Besbris 2016).

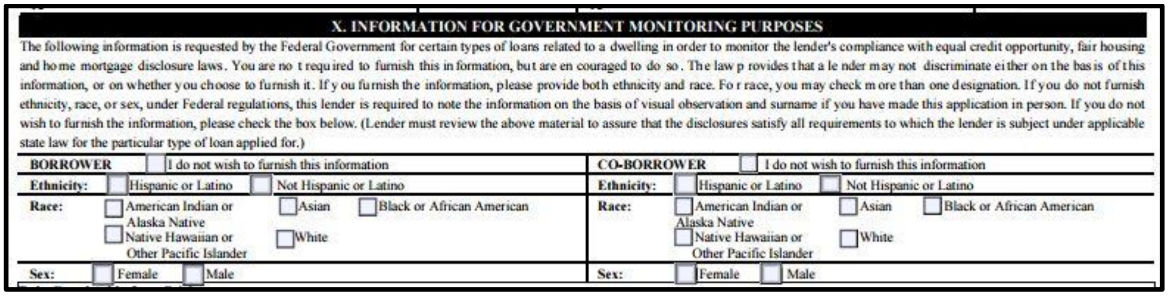
In addition to marketing individual properties, agents and developers marketed the neighborhoods in which these homes were located as part of the selling process.

Indeed, agents invested in the boundaries and homogeneity of neighborhoods and HAR-imposed market areas, attempting to carve out a competitive edge by marketing themselves in particular demographic niches. This strategy occurred most often in areas perceived as being White and affluent, or areas that would attract Whites and affluence in the future. Throughout the course of my field work and interviewing, Latino and White agents regularly worked to build their businesses in areas they perceived to be profitable, with profitability seen as virtually synonymous with White affluence. Black agents, on the other hand, relied much more on diffuse social networks and sold homes across the Houston metro area, in both urban and suburban contexts, regularly. Black agents also perceived Whites and affluence in sync, but because they typically had far fewer White clients, they also worked harder to market to Latinos and other Blacks. Since they had more experience selling to these groups, they also saw profitability in pursuing a market edge among non-White demographics.

Yet despite these differences in marketing techniques, Black, Latino, and White agents all engaged in the marketing of neighborhood spaces to sell individual units. They worked with builders in these areas—new construction being a signal of (future) profitability—or advertised with, sponsored, or served on the boards of local neighborhood associations, worked to preserve neighborhood boundaries and police White, or increasingly White, spaces, or helped stimulate local community revitalization efforts. In other words, the neighborhood—reified institutionally by HAR's market areas and implemented individually by agents—became the racially homogenous space on which the successful marketing and selling of homes was predicated.

3.4.2. Getting a Buyer with an Approved Mortgage

In general, a successful home marketing campaign results in at least one viable purchase offer. In the United States, most owner-occupied single-family home sales transactions are funded by lending agencies, including the Federal Housing Administration (American Housing Survey 2013). Thus, most residential single-family unit transactions make the sale of the home contingent on the funding of a home mortgage loan for the buyer. While there are many steps to obtaining a mortgage loan, including getting pre-approved by a lender for a loan amount to demonstrate the seriousness of the offer to the seller, one of the most important requisite steps is completing the loan application: the Fannie Mae-required Uniform Residential Loan Application (Form 1003), which is required for all one- to four-family home mortgage purchases. In addition to filling out information about employment, monthly income and expenses, and assets and liabilities, borrowers are also asked (but not required) to fill in their ethnicity, race, and sex for government monitoring purposes. If the borrower does not fill in this information, the form indicates that the loan officer or loan originator is required to fill in the requested information if the borrower completed the form in person, using “visual appearance and surname” to approximate the borrower’s ethnicity, race, and sex. Figure 3.4.1.1 shows this particular section of Form 1003.



X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER	I do not wish to furnish this information	CO-BORROWER	I do not wish to furnish this information
Ethnicity:	Hispanic or Latino; Not Hispanic or Latino	Ethnicity:	Hispanic or Latino; Not Hispanic or Latino
Race:	American Indian or Alaska Native; Asian; Black or African American; Native Hawaiian or Other Pacific Islander; White	Race:	American Indian or Alaska Native; Asian; Black or African American; Native Hawaiian or Other Pacific Islander; White
Sex:	Female; Male	Sex:	Female; Male

Figure 3.4.1.1 - Excerpt from Uniform Residential Loan Application (Form 1003).

In my interviews with lenders, I learned that they often filled out this information even if the borrower was not completing the application in person—using linguistic cues like accent or (sur)names as guides, along with visual cues from driver's licenses. The application and other necessary materials were then passed on to mortgage underwriters, who viewed *all* of the information provided. The information on self-reported or lender-interpreted ethnicity, race, and sex, in other words, was not blinded. While Form 1003 states that discrimination on the basis of the information is prohibited by law, some Black, Latino, and White agents and lenders related stories of how ethnicity and race information, including (sur)names, on Form 1003 could allow underwriters' implicit racial biases—negative meanings ascribed to Blacks and Latinos in particular—to influence their decision about whether to fund the loan.

Melissa, a middle-aged Black agent that I interviewed and later shadowed, explained it as follows:

> A long time ago, I was told by, actually, a white lender…that…when you apply for a loan, of course, your credit is run, and they want to see your taxes. They want to make sure that you're an upstanding, law-abiding citizen. …he told me that…if your name is racially ambiguous it's okay. But if you have a name that's—you know—ethnic—it sounds ethnic, they could find a way to not give

> you the loan. So I don't think he was lying. We were just talking one day over lunch about some things, and he mentioned that to me, and he's…a white guy.

Trevor, a middle-aged White lender, also reported how ascribed racial meanings—which can occur through viewing the non-blinded Form 1003—overrode actual financial fit in obtaining a loan:

> …I have heard of a friend of mine at another mortgage company, who took an application from, uh, an African American couple. And he took the application, um, the income and everything was good—I mean, it was…sort of taken as, like, this is crazy—this—there's no way they're doing this, there's no way they're doing that, so they got scrutinized to death, um through a lot of due diligence, and- almost like they were trying to… decline them from the get-go. Um, and this couple was more like the, um, you know—there's just a normal, every-day couple, they just do a lot of saving, and they're really smart. Uh, the end result is that they came up with…an underwriting guideline at their discretion to decline the loan. So, they got declined, it's a good loan. Um, from a legal standpoint, it was sort of that grey area of, uh, you know, kind of, underwriter discretion.

Trevor went on to explain that despite the guidelines put in place to prevent discrimination, "there's still room for the underwriter to just not feel comfortable about it."

The go-to explanation across Asian, Black, Latino, and White respondents and informants for why Black and Latino borrowers are much less likely to receive prime-rate mortgage loans was that they had poor credit and lower income relative to Whites. When I explained that the likelihood of receiving a prime-rate loan is still less for Blacks and Latinos relative to Whites, with credit, income, and all else being equal, minority and sometimes White stakeholders suggested that some form of racial bias was still endemic to the process. However, White stakeholders—agents, developers, lenders, appraisers, and so on—often searched for other answers to why this was the case: maybe Black and Latino borrowers did not shop for loans as well as Whites; maybe they were just not as educated about the process; it could not be racial bias because it was all about the numbers these days. Perceptions of Latinos and Blacks as not being financially responsible, as not having much income or much education about the home-buying process, and not being creditworthy were common across all groups, and persisted among Whites even after additional evidence for racial bias was offered. These racialized perceptions of financial ability and responsibility suggest that the race/ethnicity boxes on Form 1003—also dependent on stakeholders making sense of racial cues—were an important factor in determining the 'comfort' of mortgage underwriters, who felt responsible for managing the financial risks of their particular lending institution. Ultimately, underwriter comfort, based in part upon racial meanings ascribed to checked race/ethnicity boxes on Form 1003, influenced the underwriting of the loan and the mortgage-backed sale transaction.

3.4.3. Assessing Home Value

If the buyer's loan is approved, the sale of the home can move forward—contingent on the appraisal of the home. According to post-2008 housing crash rules, lending agencies must hire a third-party appraisal management company (AMC) or a non-commissioned third-party to select independent appraisers for each property whether the loan is FHA-backed or conventional. These rules were intended to remove lenders from direct involvement in the valuation of homes, theoretically lessening the possibility for collusion between appraisers and lenders. Appraisers in Texas are regulated by the same board that regulates real estate agents—the Texas Real Estate Commission (TREC)—and appraisers must also obtain their real estate license in addition to appraisal credentials in order to be able to access the MLS system to obtain the main data for the valuation process: comparable homes, or ‘comps.’

Appraisers use comps to assess home value, and all data about the for-sale home, including building and lot square footage, number of bedrooms, number of bathrooms, quality of construction (interior and exterior), and number and quality of outbuildings, are interpreted in light of comps. I found that the selection of comps, as well as the extent to which appraisers were influenced by real estate agents and lenders, was largely individualized. That is, each interviewed appraiser had his own method of choosing comps and each appraiser had varying levels of contact with other interested parties.[5] The individualized comp selection process introduced a great deal of subjectivity into home valuation, and allowed appraisers’ racial beliefs to enter into the process of constructing home value (see also Stuart 2003). For example, Carl, a middle-aged White male appraiser, felt that Lindale Park, a fully deed-restricted and middle-class Latino area of Northside, was ‘scary’ and ‘ghetto,’ and thus would not choose comps for a Lindale Park home from the Heights, even though Lindale Park was very similar to several areas in the Heights in terms of home size, architecture, street infrastructure, distance to downtown, and so on. He explained that he would not choose comps for a Lindale Park home from the Heights, and this explanation was premised on the racial dissimilarity of the two areas:

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[5] All appraisers in my study were male, and almost all were White, reflecting broader Texas appraiser demographics (Hobby Center 2015).

> …as an appraiser, we run into stuff as far as racial stuff.… The Heights has always been great, because it's the Heights. It's like, 'Oh, I'm living in West U.'[6] You know, and Lindale Park, it's like, 'I'm over there in the ghetto.' It's kinda scary…. 'cause if I go by to appraise a house over there, um, I'm kinda looking around. …as for the Heights, I'm driving right up to the house, I have no worries…. Lindale Park is…always gonna have that element of, you know, homes that are not well-maintained, people have lived there for probably 50-60 years, they don't have the money, their taxes are going up…

Racialized comp selection was underscored by lenders' use of Fannie Mae-provided software called 'Collateral Underwriter.' Collateral Underwriter, an automated risk-assessment software, is used by lending agencies and flags appraiser-selected comps deemed as dissimilar, using similarity in location as well as in home size, year built, and style, as important factors in its formula. Thus, Collateral Underwriter indirectly reinforced appraisers' racialized notions of neighborhoods and their racialized comp selection via lender risk assessments, which encouraged comp selections from within already-racially homogenous areas. Historically, the appraisal industry *explicitly* was predicated on race-and-class homogeneity in neighborhoods (Jackson 1985; Massey and Denton 1993). While fair housing legislation passed in the 1960s and 1970s prohibited explicit racial discrimination in the lending and appraisal process, the current system still depends on the historical legacy of socially-constructed, racially homogenous neighborhoods in which individual homes are embedded.

Finally, while the Uniform Residential Appraisal Report (Form 1004)—used frequently for single-family home appraisals—states "Race and the racial composition of the neighborhood are not appraisal factors," it also requires appraisers to interpret and

[6] 'West U', short for 'West University Place,' is a wealthy, white municipality completely surrounded by the City of Houston.

report ‘market conditions.’ I found that this Fannie-Mae mandated form allowed space for appraisers’ own interpretations of supply and demand—which they perceived to differ by racial group—to enter into the institutional process of mortgage lending. For example, Juan, a Latino appraiser, told me that demand depended on the “quality of buyer,” that “ethnicity has something to do with [the quality of the buyer],” and that the “quality of the buyer” helped determine his final assessment of home value. The ‘quality of the buyer’ included assumptions about racial residential preferences and broad stereotypes of socioeconomic status across racial groups. Thus, in addition to real estate agents’ role in constructing home value (Besbris 2016), appraisers play a key role in shaping home value through the lens of neighborhood racial composition. If the appraisal—the last major step in the home selling and purchase process—comes through, the sale of the home is likely to proceed, once the appraisal has been approved by the mortgage underwriter(s).

3.5. Linking Racial Meaning and Inequality: Professional Practices

While the above accounts of generating real estate business and selling a home are not exhaustive, they do detail several high points and major players involved in the home sales transaction and the ways in which racial meaning is constructed cumulatively across the institutional space of the housing market as transactions unfold. Racial meaning was found not only in beliefs of individual real estate stakeholders, but also was embedded in structural and institutional discourses, norms, and practices that supported and reified the individual meanings attached to race categories in use. But how is such racial meaning-making, or formation, linked to inequality? I found that at numerous critical points throughout the cumulative process of constructing race, there were widely-shared professional practices tied to specific racial ideas that repeatedly cycled between racial ideas and unequal opportunities or outcomes based on race. Here, I highlight three widely-shared practices and illustrate the ways they played out in everyday housing market interactions. While the practices I highlight here cannot fully explain how inequality is reproduced through racial meaning, they do provide a window into the specific mechanisms that reproduce inequality through status-infused, and common-sense, race-making (Omi and Winant 1994; Ridgeway 2014).

The first widely-shared professional practice is conformity to a percent-based pay structure, particularly for real estate agents. While percent-based real estate commission is not 'set,' it is an institutional norm for real estate agents. In Houston, the broadly accepted standard among agents (who carefully police commission practices of other agents) is 6%, which is commonly split equally between the seller's agent and the buyer's agent. Since White real estate agents often assumed that Black and Latino home buyers were less educated about the home-buying process or were less financially responsible or creditworthy, and also assumed that homes in Black and Latino neighborhoods were worth less than to comparable homes in White neighborhoods,[7] these agents also believed they would not be adequately compensated if they attempted to build their business among these populations. Thus, conformity to the percent-based pay structure, as interpreted via commonly-held racial beliefs, was a practice that lead away from

[7] Some prior research indicates that comparable homes in comparable neighborhoods do appreciate differently depending on neighborhood racial composition (cf. Kim 2000).

marketing to minority clients and neighborhoods and toward marketing to White clients and neighborhoods. David, Jane’s White, middle-aged business associate, explained this dynamic one afternoon as I sat in their office to observe Jane’s phone interactions with clients. I remarked that I had seen very few agents attempting to build business in Fifth Ward and Northside, and David replied:

> Well that's not because of ethnicity, you know why that is? Price. You have to do 15% more work, for houses under $200,000. The people over there [in Fifth Ward and Northside] aren't qualified, their houses haven't been maintained, and it's just a headache.

Because White agents in particular often believed that Black and Latino people were not financially qualified, would require more work as ‘difficult’ clients, and did not maintain their homes, they generally did not target or attempt to build business in perceived ‘headache’ areas, simultaneously limiting competition and lowering levels of customer service in minority areas. On the flip side, a handful of Black and Latino agents who placed greater stock in their belief that Latinos were hard-working and had a lot of cash spent more time building their businesses among Latinos. In that case, the practice of percent-based pay structure lead agents toward a specific minority group based on positive money-related characteristics attributed to that group.

The second widely-shared practice is the minimization of financial risk through ‘safe’ real estate investments or decisions. Real estate stakeholders of all kinds must minimize the risks of doing business in a volatile market if they are to stay afloat. I found that these stakeholders used the calculus of racial meaning to weigh the amount of work they believed they would need to do against the amount of profit they thought could be made. That is, they used the racial meaning ‘blueprint’ to minimize financial risk. As illustrated in the narrative of Brad, above, developers avoided minority areas—Black areas in particular—because they believed that the amount of work they would do to purchase land and build new homes would not be adequately compensated by what they believed would be weak demand. Personal and projected racial meaning in housing development had real economic consequences: Black and often Latino spaces were not recipients of housing or infrastructural development or investment.

Additionally, individual landlords—those that owned individual single-family homes, garage apartments, or small multifamily homes (like duplexes)—used racial meaning to minimize risk when screening tenants, weighing how much damage they believed the tenant would do to the property and how much money they would have to spend should said damage occur. In the course of my fieldwork, several examples of the relationship between racial meaning and landlord decisions occurred, including, "'I don't rent to black people because they don't take care of shit'" and

> …we had to sign, as part of our lease, an agreement that said we would not let anybody else live with us, um, because of how many of our neighbors have multiple generations living underneath one roof…. And our landlords are Latino themselves…. I think it's somewhat understandable because they have a negative experience with multiple generations underneath one roof taking—not taking good care of the property, and it became really neglected.

Black and Latino renters were thus burdened with additional barriers to obtaining housing—screening requirements, additional security deposits, or even access to housing at all—because landlords relied on racial meaning (e.g. assumed family arrangements or level of care for property) to manage their properties.

The third widely-shared practice is adherence to a common professional identity. While some real estate stakeholders found success in deviating from a commonly-perceived professional identity, most real estate professionals, as in other professions, conformed to a broad set of ideas about what their work entailed and what this meant for their professional behavior. One way real estate agents and developers practiced conforming to professional identity expectations was providing real estate counsel. As market intermediaries, real estate agents and developers viewed themselves as real estate experts who should provide advice to real estate 'amateurs' (e.g. home buyers and sellers, and, in some cases, novice developers and investors) (see also Besbris' (2016) discussion of how real estate agents influence opinions of value). Amateurs also expected advice and counsel from real estate pros. (For example, one day I went to lunch with Michael and a White landlord at a trendy Heights restaurant. The sole purpose of the lunch was for the landlord to ask Michael numerous questions about how to best manage, and eventually sell, his Heights rental property.) Providing real estate counsel was an expected part of the job because it helped ensure satisfied clients; it was also a link between racial meaning and real estate practices with implications for inequality. For example, White real estate agents in particular linked perceived current or future home value and racial meaning, which affected their views of whether homes would appreciate or depreciate and shaped the investment advice that they provided.

Racialized real estate advice was manifest even in mundane interactions I had during open houses. For example, Brett, a thirty-something White agent dressed professionally in slacks, a dress shirt, and a tie, was hosting an open house in Lindale Park (Northside) one warm Spring day in 2015. As I chatted with him in the home's living room, a White couple interested in purchasing the home walked through the house, commenting delightedly on its unique architectural features. Brett found out that I was a resident of the Northside neighborhood and asked me, “How do you feel in terms of safety?” “Oh, I’m fine,” I replied. Brett continued, “Because ten years ago, this was Hispanic ghetto. I mean, really this was Hispanic ghetto….” Brett then said he believed gentrification and an increasing market were coming to my area of Northside soon, and then concluded by advising me, “You’re an expert on this stuff, you…should start buying investment properties since you know all the trends and stuff.” Brett’s understanding of Northside as ‘Hispanic ghetto’ in past years contrasted to his perception that because Whites—like me and the couple viewing the home during our interaction—were purchasing in the area, housing values would soon be shooting up. Importantly, his perceptions were linked to real estate counsel, or interpersonal behavior with real consequences for racialized housing transactions, like purchasing investment properties based on assessments of racial composition. Thus, in addition to constructing home value through imbuing housing transactions with emotion, as Brett’s interaction with the couple concerning the architectural features of the home illustrated (cf. Besbris 2016), real estate agents also infused racial meaning into ideas about and projections of value.

Embedded within the overall operation of the housing market, widely-shared and common-sense housing market practices were linked, on one side, to racial meaning and, on the other side, to practices with significant implications for inequality. Importantly, the results of specific practices could be perceived (e.g. Black neighborhoods as ‘risky’ investments for developers) *or* real (e.g. higher pay for agents who list homes at higher values), but the unequal effects of using race as a guide for these practices were quite real indeed.

3.6. Why Racial Formation and Inequality Happen in Institutions

In this study, as with prior research, racial meaning emerged in the context of justifying inequality and operating as a risk management tool (Bonilla-Silva 2006; Lewis 2004; Walker 2016). Yet it also was salient outside and prior to considerations of inequality or risk management. I argue that the salience of race-making in the housing market was a function of the organization of the housing market itself. That is, because the housing market does not have a formalized administrative hierarchy or chain of command, is not housed within a physical space, and does not entail daily interactions by the same group of stakeholders, race-making becomes the categorical tool used to solve an ultimate organizational[8] problem (Tilly 1998): finding a means of governance. In other words, while many groups of real estate stakeholders (e.g. real estate agents, mortgage lenders) use repeat clients and referrals, or their sphere of influence, to generate their own business, they also encounter and must navigate many unknowns in the course of everyday work, both within their own industry and across other industries. A go-to solution, or rule of thumb (Tilly 1998), for navigating and 'solving' the uncertainties presented by unknown others is to use and reproduce racial meaning associated with established, hierarchically-arranged categories. Here, I will call attention to the ways

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[8] Like Tilly (1998:9), I use 'organization' and 'organizational' in a broad sense to refer to, in this case, a "well-bounded [cluster] of social relations." The boundaries around the housing market are well-marked; but the social relations within it are loosely arranged relative to other well-bounded clusters, such as schools and prisons.

race-making solves the unknowns embedded in housing market transactions and interactions by highlighting examples from the above analysis.

Mortgage lenders, for example, rely on and reproduce established meanings regarding financial instability (Black and Latino) and stability (Whites) to manage the uncertainty and risk of lending large sums of money. Even if a borrower is known or has been referred to a particular loan officer, that same borrower may be unknown to the mortgage underwriter(s), who give the final stamp of approval for the mortgage loan packages. The discretion that is embedded in underwriting guidelines indicates that underwriters are pressured to use 'something' to determine whether a borrower is low- or high-risk, above and beyond quantitative markers of financial fitness. My data suggests that 'something' is race.

Developers, too, use and reproduce racial meaning to guide the multiple stages of decision-making and navigation of uncertainty that go in to housing development. Developers encounter several groups of unknown others in the course of a single project: neighbors near the new construction; potential home buyers; appraisers; and real estate agents. While developers may use a single real estate agent to list the new home for sale, they also want to attract other real estate agents and their home-buying clients to the property. They also know that the appraisal must be above a certain amount if they are to make money on the home. Yet developers cannot foresee who, exactly, the potential home buyers and their real estate agents will be. Nor can developers choose specific appraisers. Thus, as in the example of Brad, above, they use racial meaning to ease the burden of unknowns. They first imagine White home buyers, assuming that White buyers will have the most money and bring them closest to their profit goals. Then, they assume that White buyers will only buy in already-White neighborhoods or Hispanic neighborhoods where other Whites are starting to or will soon be buying. They reason that, because of the positive ‘family’ and ‘work-ethic’ traits that are assumed to inherent to Hispanics, Whites find living with Hispanic neighbors to be more palatable than living with Black neighbors. And, they also assume that the appraisal will be more likely to meet the desired sale price in non-Black neighborhoods.

Within and across multiple housing market industries, race-making (especially the application of established racial meaning) was the unifying non-physical structure that guided how stakeholders interacted with those with whom they may or may not have worked together with before, how they interpreted clients who were not present in front of them, how they provided counsel to those who were not necessarily familiar with Houston neighborhoods, and how they determined where to purchase land, home, or investment properties. In lieu of a formalized hierarchy, physical structure, and repeated daily interactions, race was a convenient and effective means of governance.

While the classic ‘top-down’ growth machine depiction emphasizes the disproportionate influence of landed elites on the shape of the housing market (Hoyt 1933; Logan and Molotch 1987; Molotch 1976), a bottom-up approach reveals the ordinary beliefs and behaviors of residential real estate professionals and consumers and shows how racial meaning and attendant inequality govern housing market operations. In contrast to prior accounts of race and the housing market, I found that race-making was not an arbitrary force unleashed by growth machine elites that resulted in exclusion of particular racial groups (cf. Logan and Molotch 1987). Rather, race-making was a non-random project that unified and organized a diverse set of average stakeholders and, through several sets of institutionalized practices, resulted in unequal opportunities and outcomes across racial groups. I found that race-making was a common-sense way to organize the flow of transactions across distinct industries and of interactions between stakeholders who were otherwise not connected (Omi and Winant 1994). The common-sense application of racial formation in solving the organizational challenge of finding a means of governance suggests that the inequalities it produces will be durable (Tilly 1998), unless racial meaning and professional practices are de-linked.

3.7. Discussion and Conclusion

My research tackles the social construction of race in an institution that lacks a shared physical space, formalized chain of command, or daily interactions with roughly the same group of people: the housing market. I found that the housing market, comprised of numerous processes and sub-processes involved in ownership transactions, consists of cumulative stages of race-making and results in racially-unequal outcomes. Race-making occurred across macro-level representations of race—federally-mandated race categories on loan applications, for example—and into individual instances of racial interpretation, like lenders using Spanish surnames to determine Latino ethnicity on loan application forms, and vice versa. And race-making was linked, via widely-shared institutional practices, to behaviors with significant consequences for equal housing access and outcomes, regardless of how 'real' perceptions of racial meaning were.

My findings indicate that one of the primary ways institutional race-making influences inequality is via the *imagined, imposed meanings* ascribed to individuals and groups via physical, linguistic, and cultural symbols that are attached to economic disincentives for minorities and incentives for Whites. Thus, not only do 'real' social factors such as incarceration history, marital status, and unemployment shape the likelihood of being assigned to a particular race category, subsequently influencing social mobility (Saperstein and Penner 2012; Saperstein, Penner, and Kizer 2014), but *perceived* social factors, such as occupational identity, socioeconomic status, family practices, legal status, cultural identity and affinity, and so on, are also attached to racial cues and categories, and have real economic repercussions. (See Gross (1998) and Lewis (2003) for discussions of how racial beliefs, when applied, have a tangible impact on legal and educational outcomes, respectively). I also found that the production of racial meaning is cumulative; that is, each stage of race-making in housing transactions built from, if not always depended on, prior stages, as did the distribution of resources associated with each stage. And, with respect to values as constructs, I found that in addition to cultural ideals (Jackson 1985) and emotion (Besbris 2016), racial meaning plays a key role in determining perceptions of home value, which in turn influenced real estate behavior (see also Stuart 2003 for an excellent discussion of how racial meaning can influence the process of constructing home value via the mortgage lending and appraisal industries).

In my study, for example, Blacks and Latinos were widely assumed—by Asian, Black, Latino, and White stakeholders—to be inferior to Whites in terms of socioeconomic status (including education, occupation, and income). Then, because of the perceived or real economic disincentives associated with working at a lower price point for real estate agents, developers, and lenders, these assumed racial characteristics were quickly converted into exclusion of Blacks and Latinos from business-building practices while Whites were increasingly targets for marketing and client recruitment. While Blacks and Latinos broadly speaking do earn less than their White counterparts, all else equal (yet another example of ongoing inequality), the point is that financial fitness, creditworthiness, and education or legal status were all *assumed* to be less favorable for people placed in these categories, regardless of individual income, creditworthiness, or education, and this assumption informed the real estate practice of avoidance broadly speaking. On the other hand, people and spaces viewed as White were given the benefit of the doubt, with beliefs airing towards affluence, financial readiness, education about the home-buying process, maintaining property aesthetic appearance, and so on. Importantly, the way in which real estate business was generated via race-making then influenced how homes were marketed, which then created opportunities for some buyers to be excluded from and some to be included in purchasing the home, which then opened the door to racially-informed appraisals of home value.

As for why race-making occurs in institutions, my findings point to the need for solving the challenge of finding a form of governance in the relatively loosely-arranged institutional space of the housing market. Race was the *lingua franca* among disparate groups of stakeholders operating within different daily spheres. Real estate stakeholders were regularly reminded of the salience of race by their clients, other stakeholders with whom they interacted, federally-mandated forms, institutionally-imposed racial information (including maps and school demographics), and racially-homogenous city spaces and social networks. Racial categories and the meanings associated with them were taken for granted and shared across groups, making their translation particularly convenient, even though the consequences for White and Non-White stakeholders differed dramatically. That is, while similar race-making occurred across all groups, non-White stakeholders were largely excluded from the economic benefits associated with Whites because they were ascribed the same meanings by Whites that they imposed on other racial minorities (Ridgeway 2014).

My research points to several other areas for future research. While my secondary focus on rental transactions suggested that race-making occurs across the sub-processes of renting—including advertising rental space and screening tenants—more research on racial formation in the rental market is needed. With respect to non-blinded loan application forms, such as Form 1003, how might state-imposed practices intended to monitor or correct past racial inequalities further facilitate the social construction of race and enable less overt instances of discrimination to persist? How might local urban context influence racial meaning-making, particularly of the Latino category (cf. Bonilla-Silva 2015)? Pursuing these and other questions would aid further understanding of the connection between racial formation processes and racial inequality. Such a pursuit would also help 'de-exoticize' ghetto poverty (Small 2015) by focusing on the system, institution, and individual practices of everyday residential real estate that continue to play on Whites' racialized fears of Black and Latino as (dangerous) 'others' to generate demand in increasingly White urban spaces.

Conclusion

Overall, my dissertation demonstrates that the cumulative effects of apparently 'non-racial' housing market operations, such as (racially-distinct) social networks, the lax regulatory context of housing development, and the loose arrangement of housing market industries, intersect with several practices to reproduce racial meaning and inequality. These practices include the use of non-public home listings (disproportionately excluding minorities from homes in White neighborhoods); reliance on mortgage underwriter discretion in the loan application process (reducing minority access to high-quality mortgages); dependence on subjective data selection to determine home value (decreasing home values in minority neighborhoods); avoidance of housing development investment in minority neighborhoods (disproportionate disinvestment in minority neighborhoods); and use of a percent-based pay structure (lowering levels of customer service for consumers in minority neighborhoods). White professionals and consumers are disproportionately rewarded by these same practices.

Ultimately, my research contributes to theoretical, methodological, and policy conversations about race, discrimination, and housing. Theoretically, I show that to understand persistently high levels of racial segregation and inequality as well as how racial meaning is used and reproduced in housing exchange, we must examine critically the housing market as a loosely-arranged institution (comprised of multiple, linked industries) that is situated at the crossroads of individual interactions and federal rules and forms (cf. Ridgeway 2014; Sewell 2016; Stuart 2003). Here, my work provides evidence that framing the housing market as 'dual' (e.g. Apgar and Calder; Rugh 2015) obscures the shared processes that underlie the production of White advantage and minority disadvantage. Whites and minorities do not operate in two separate and unequal housing markets. Rather, the contemporary housing market operates through shared methods of generating business, institutional incentives, and commonly-held race-meaning structures, simultaneously advantaging Whites and disadvantaging minorities. In other words, while minority "borrowers are served with a different mix of products and by different types of lenders than commonly serve higher-income markets" (Apgar and Calder 2005:2), this does not necessarily indicate a 'dual' (mortgage) market. Instead, my research shows that differences in minority loan products result from a unified housing market that relies on mortgage underwriter discretion and loan officer interpretation of borrower race and ethnicity to determine borrower mortgage 'fit'. Because discretion and interpretation encourage the application of racial meaning to the mortgage process, for example, Whites and minorities receive different forms of mortgage service.

I also demonstrate the fruitfulness of conceptualizing and evaluating discrimination as an individual *and* collective phenomenon, tracing how discriminatory behaviors and impact interact and accumulate across everyday practices shaped by institutional characteristics. I show that focusing on a collective understanding of discrimination may be even more important in the post-fair housing era, in which there are higher social and legal penalties for open and intentional acts of individual discrimination (cf. Haney López 2000; Pager and Shepherd 2008; Reskin 2012; Williams et al. 2005; Yinger 1999). Research that relies on individually-oriented understandings of racial discrimination has provided insight into individuals' experiences of mistreatment in the post-fair housing era (Galster and Godfrey 2005; Squires and Chadwick 2006). But my work indicates that understanding and measuring discrimination as a collectively-experienced phenomenon will enrich sociological understanding of how, and why, inequality in housing, health care, education, and employment persists even when or if individually-oriented interventions are applied, or individual instances of explicit discrimination are on the decline (Bonilla-Silva 2015; Carbado and Roithmayr 2014; Crenshaw et al. 1995; Haney López 2000; Sewell 2016).

My work also illuminates how racial constructs are used and reproduced in the housing market; how these constructs are linked to the production of inequality; and why the flow of housing market exchange continues to be characterized by a reliance on racial constructs. This theoretical contribution builds on recent calls from race theorists to bring race and (structural) racism into the same framework (Golash-Boza 2016); to clarify how race is formed in and through institutions (Saperstein et al. 2013); and how race as a fluid social construct is linked to rigid racial inequality (Saperstein and Penner 2012). I show how individuals use and re-use racial meaning to inform their behaviors, intentionally and unintentionally, in part because they are motivated by institutional social and economic incentives to do so and in part because of the immense institutional pressure they experience to conform to a set of widely-shared practices. These apparently 'non-racial' practices and incentives, when combined with racial meaning, produce inequality.

Thus, while racially-primed cognitive processes in individuals may produce unintended discrimination (Haney López 2000), individuals who are aware of racial cognitive bias and do not wish to act on it nevertheless *do* act on it because they fear social and economic consequences if they act otherwise.

Methodologically, my work highlights how paying attention to *process* while attuned to a *wide-and-deep* field of study can facilitate clearer theorization and extension of established concepts. For example, in addition to focusing on in-depth ethnographic fieldwork with real estate agents and developers, I collected data across a wide range of housing market spheres, conducting in-depth interviews with lenders, escrow officers, appraisers, developers, landlords, home buyers, home sellers, and renters. In turn, my methodological approach allowed me to visualize the housing market as an institution; to unpack the interaction of individuals, the housing market institution, and structures, thus providing insight into the durability of inequality across multiple levels of analysis (cf. Ridgeway 2014); and to trace the implications of these relationships for the production of inequality.

Finally, my work has import for housing policy. I emphasize the need to address institutional characteristics that, while apparently ‘non-racial’, nonetheless are directly implicated in generating and reproducing racial inequality in housing. As long as these characteristics continue to drive the housing market engine, amelioration of individual prejudices and group economic differences alone will not create the conditions under which racial equality in housing is possible. The policy interventions I suggest extend individual-oriented solutions, such as censure of real estate agents who engage in racial steering, by targeting the institutional characteristics and practices that motivate individual behaviors (cf. Carbado and Roithmayr 2014).

With respect to future research, my work suggests several potential directions for race and urban scholars to take. First, future race research should pay attention to how industries, spheres, or sub-systems (e.g. Reskin 2012) operating within other markets, social movements, or other loosely-arranged institutions are linked together and how operations are related to the production of racial meaning and inequality. What processes and patterns do they share? Where they differ, how do these differences matter? Why do operations happen as they do? And, what are the effects of operations on individuals and groups who are grouped along racial lines? This type of investigation will extend race-related research by advancing ways in which race is a truly *social*—not individual—construct with significant social consequences (Blumer 1958; Bonilla-Silva 1996, 2015; Carbado and Roithmayr 2014; Collins 2000; Crenshaw et al. 1995; Golash-Boza 2016). It will also clarify how the ‘structuring’ of race in institutions (Omi and Winant 1994; Saperstein et al. 2013) differs according to institutional context. While prior research on racial formation in ‘contained’ and hierarchical institutions like schools may provide insight into how racial meaning can be challenged (e.g. Lewis 2003), my work in a loosely-arranged institution suggests that the reproduction of established racial meaning occurs with relatively little contestation because it offers a ‘safe,’ convenient way to navigate the uncertainties inherent in the everyday process of housing exchange.

Second, while my work and others’ (e.g. Lawrence, III 1995) illustrates the irrationality of racism, my research also points to the need to understand how recognizing and acting on racial difference continues to be rewarded through institutionally-embedded incentives and lack of appropriate disincentives and, ultimately, is reproduced in the arrangement of urban space. In addition to understanding individuals as racially prejudiced (subscribing to a set of racial stereotypes or biases) or as influenced by an ever-present cloud of racial ideology to explain why discrimination and inequality persist, future research should take up and extend past work that links race as a construct with social, psychological, and economic incentives, or wages (Du Bois 1935; Roediger 1999). This line of work would help explain why people continue to subscribe to or be tolerant of racial prejudice; why they act in discriminatory ways even if they do not espouse racially-prejudiced beliefs; and, ultimately, why racial inequality appears to be intractable but is not necessarily so. In other words, looking for and identifying incentives that allow, generate, or sustain racial ideas to be put into motion will, at the same time, identify leverage points with which to 'shock' the current system of inequality alter common discriminatory practices (Reskin 2012).

Finally, urban scholars—who rightly spend a great deal of energy unpacking the effects of neighborhoods on their residents—should also pay attention to how neighborhoods are formed and experienced by non-residents and external institutions (see also Korver-Glenn 2014; Sewell 2016). My research shows, for example, that housing market professionals use and interact with multiple neighborhood spaces; they may be residents of one or none of these areas. Real estate brokerages, title companies, and banks or mortgage lending companies may have only a single office, but they facilitate transactions for homes across multiple neighborhoods. Thus, not only do neighborhood residents have 'activity spaces' (typical spatially-patterned movements) that expose them to different locations within and outside their residential context (Browning and Soller

2014), but external institutions and non-residents routinely enter and influence neighborhoods as a part of their own movements through urban space. Future research should examine how neighborhoods (and, thus, their residents) are shaped by actors and institutions external to the neighborhood(s) in question. This line of research will help unpack how and why neighborhoods matter for any number of important life outcomes (e.g. educational performance (Burdick-Will et al. 2011) and health (Sewell 2016)).

Along with the research proposed in this dissertation, these future areas of inquiry will aid our understanding of the 'stickiness' of race as an idea or set of ideas about hierarchical social divisions that are purportedly 'natural' because they are based in part on bundled physical, as well as cultural and social, characteristics (Bobo 2014; Saperstein and Penner 2012). This research will explain race's durability across individual, institutional, and structural levels of analysis by pointing to the social, cultural, and economic contingencies that undergird it (Du Bois 1935; Ridgeway 2014). These contingencies, once identified, can become effective intermediaries for interrupting the durability of race as a determinant of inequality (Golash-Boza 2016; Ridgeway 2014).

In his sweeping sociohistorical analysis of the lead-up to the Civil War, the period of Reconstruction, and the rapid return to a new form of slavery post-Reconstruction, Du Bois (1935) pioneers this approach. First, he identifies a paradox of race relations in the U.S.: that Black and White workers had virtually identical economic interests and yet rather than uniting as a single laboring class, remained "so far apart that neither sees anything of common interest." This paradox, Du Bois (1935:700-701) then argues, was a result of the "public and psychological wage" given to White workers, particularly during Reconstruction:

> They were given public deference and titles of courtesy because they were white. They were admitted freely with all classes of white people to public functions, public parks, and the best schools. The police were drawn from their ranks, and the courts, dependent upon their votes, treated them with such leniency as to encourage lawlessness. Their vote selected public officials, and while this had small effect upon the economic situation, it had great effect upon their personal treatment and the deference shown them. White schoolhouses were the best in the community, and conspicuously placed, and they cost anywhere from twice to ten times as much per capita as the colored schools. The newspapers specialized on news that flattered the poor whites and almost utterly ignored the Negro except in crime and ridicule.

In identifying the 'public' characteristics of US society—parks, schools, courts, and police—that created unequal opportunities and outcomes for Whites relative to Blacks, simultaneously linking these characteristics to 'psychological,' or status-oriented, ideas about what it meant to be White and Black, Du Bois explains the paradox of a laboring class divided by a racial line. Race and associated inequalities cannot be understood or addressed by focusing on minority disadvantage. Rather, they can only be understood by a critical examination of group relations as mediated by the 'wages' (or lack thereof) that accrue through relevant meaning-making and the 'public' characteristics that facilitate such meaning-making. Because Whites are privileged vis-à-vis status, power, and resources, minorities are less privileged along these axes (cf. also Ridgeway 2014).

My dissertation arrives at a similar conclusion, nearly a century after Du Bois' work. Now, instead of explicit public racial exclusion, we are confronted with purportedly 'non-racial' institutions that nevertheless reproduce White power, resources, and status. And, similarly to Du Bois' (1935:703) conclusion about the fight ahead for "Black folk," I conclude with this: in the increasingly multi-racial and multi-ethnic American context, the only possibility for lasting, just change—change that will go deeper and broader than poorly-supported attempts like Reconstruction and Civil Rights legislation—is to ensure that the ‘terms’ that govern American interactions, institutions, and structures favor all people equally.

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